

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Members

C. April Boling
Chairman

Greg Cox
Jim Desmond
Robert H. Gleason
Jim Janney
Mark Kersey
Paul Robinson
Michael Schumacher
Mary Sessom

Ex-Officio Board Members

Laurie Berman
Eraina Ortega
Col. Jason Woodworth

President / CEO

Thella F. Bowens

BOARD AGENDA

Thursday, April 6, 2017
9:00 A.M.

San Diego International Airport
SDCRAA Administration Building – 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/Meetings-Agendas/Authority-Board>***

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

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

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

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

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

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

PRESENTATIONS:

A. ART PROGRAM POLICY 8.50:

Presented by Chris Chalupsky, Senior Manager, Vision, Voice, and Engagement;
and Lauren Lockhart, Arts Program Manager, Vision, Voice, and Engagement

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
Committee Members: Gleason, Hollingworth, Robinson (Chair), Schumacher, Sessom, Tartre, Van Sambeek
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
Committee Members: Gleason, Janney (Chair), Kersey, Robinson
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Committee Members: Boling, Cox, Desmond (Chair), Kersey, Schumacher
- **FINANCE COMMITTEE:**
Committee Members: Boling (Chair), Cox, Janney, Sessom

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Liaison: Robinson (Primary), Boling
- **ART ADVISORY COMMITTEE:**
Committee Member: Gleason

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN:**
Liaison: Janney
- **CALTRANS:**
Liaison: Berman

- **INTER-GOVERNMENTAL AFFAIRS:**
Liaison: Cox
- **MILITARY AFFAIRS:**
Liaison: Woodworth
- **PORT:**
Liaisons: Boling, Cox, Gleason (Primary), Robinson
- **WORLD TRADE CENTER:**
Representatives: Gleason (Primary)

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Representatives: Boling (Alternate), Janney (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 1-18):

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 March 2, 2017 regular meeting and March 20, 2017 special meeting.

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

The Board is requested to accept the reports.

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

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

3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM FEBRUARY 6, 2017 THROUGH MARCH 12, 2017 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM FEBRUARY 6, 2017 THROUGH MARCH 12, 2017:

The Board is requested to receive the report.

RECOMMENDATION: Receive the report.

(Procurement: Jana Vargas, Director)

CLAIMS

4. REJECT THE CLAIM OF AMANDA JOHNSON:

The Board is requested to reject the claim.

RECOMMENDATION: Adopt Resolution No. 2017-0025, rejecting the claim of Amanda Johnson.

(Legal: Amy Gonzalez, General Counsel)

5. REJECT THE CLAIM OF AUDRA MARKMAN:

The Board is requested to reject the claim.

RECOMMENDATION: Adopt Resolution No. 2017-0026, rejecting the claim of Audra Markman.

(Legal: Amy Gonzalez, General Counsel)

6. REJECT THE CLAIM OF CAL-A-VIE SPA:

The Board is requested to reject the claim.

RECOMMENDATION: Adopt Resolution No. 2017-0027, rejecting the claim of Cal-a-Vie Spa.

(Legal: Amy Gonzalez, General Counsel)

COMMITTEE RECOMMENDATIONS

7. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH FRASCA & ASSOCIATES, LLC FOR FINANCIAL ADVISORY SERVICES:

The Board is requested to approve an agreement.

RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2017-0028, approving and authorizing the President/CEO to execute an agreement for Financial Advisory Services with Frasca & Associates LLC for a term of three (3) years with two (2) one-year options to extend the term with a maximum amount payable not-to-exceed \$2,500,000.

(Business & Financial Management: John Dillon, Director)

8. AUTHORIZATION OF A SUBORDINATE REVOLVING DRAWDOWN BOND PROGRAM WITH RBC CAPITAL MARKETS, LLC OF UP TO \$100,000,000 AND AN EXTENSION OF AN AMENDMENT TO THE EXISTING US BANK \$125,000,000 REVOLVING CREDIT AGREEMENT:

The Board is requested to approve the program and amendment.

RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2017-0029, reauthorizing revolving line of credit in an aggregate principal amount not to exceed \$125,000,000 outstanding at any one time and approving a first amendment to revolving credit agreement and certain other matters; and authorizing the issuance and/or incurrence of San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds from time to time in the form of a revolving drawdown bond program in an aggregate principal amount not to exceed \$100,000,000 outstanding at any one time, and approving a Fourth Supplemental Subordinate Trust Indenture, a Bondholder's Agreement, a Bond Purchase Agreement, and certain documents and matters related to the subordinate drawdown bonds.

(Business & Financial Management: John Dillon, Director)

9. FISCAL YEAR 2017 SECOND QUARTER ACTIVITIES REPORT AND AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:

The Board is requested to accept the report.

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

(Chief Auditor: Mark Burchyett, Chief Auditor)

10. AWARD AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A CONTRACT WITH AARON T. STEPHAN TO DESIGN, PRODUCE AND INSTALL INTEGRATED ARTWORK FOR THE FIS ATRIUM SUSPENDED PUBLIC ART OPPORTUNITY:

The Board is requested to approve a contract.

RECOMMENDATION: The Art Advisory Committee recommends that the Board adopt Resolution No. 2017-0030, awarding and authorizing the President/CEO to execute a contract with Aaron T. Stephan to design, produce and install integrated artwork for the FIS Atrium Suspended Public Art Opportunity in an amount not-to-exceed \$300,000.

(Vision, Voice, & Engagement: Lauren Lockhart, Arts Program Manager)

11. AWARD AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A CONTRACT WITH HOOD DESIGN TO DESIGN, PRODUCE AND INSTALL INTEGRATED ARTWORK FOR THE FIS GLASS PARTITION WALL PUBLIC ART OPPORTUNITY:

The Board is requested to approve a contract.

RECOMMENDATION: The Art Advisory Committee recommends that the Board adopt Resolution No. 2017-0031, awarding and authorizing the President/CEO to execute a contract with Hood Design to design, produce and install integrated artwork for the FIS Glass Partition Wall Public Art Opportunity in amount not-to-exceed \$950,000.

(Vision, Voice, & Engagement: Lauren Lockhart, Arts Program Manager)

CONTRACTS AND AGREEMENTS

12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A PUBLIC IMPROVEMENT MAINTENANCE AGREEMENT WITH THE CITY OF SAN DIEGO:

The Board is requested to approve an agreement.

RECOMMENDATION: Adopt Resolution No. 2017-0032, approving and authorizing the President/CEO to negotiate and execute a Public Improvement Maintenance Agreement with the City of San Diego for an airport noise pole monitoring site.

(Business & Financial Management: Eric Podnieks, Program Manager)

13. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A SECOND AMENDMENT TO THE PROFESSIONAL LEGAL SERVICES AGREEMENT WITH BEST BEST & KRIEGER:

The Board is requested to approve an amendment.

RECOMMENDATION: Adopt Resolution No. 2017- 0033, approving and authorizing the President/CEO to execute a Second Amendment to the Agreement with Best Best & Krieger LLP for Professional Legal Services extending the term for one year and increasing the compensation amount by \$200,000 for a total not-to-exceed amount of \$800,000.

(Legal: Amy Gonzalez, General Counsel)

14. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FIRST AMENDMENT TO THE PROFESSIONAL LEGAL SERVICES AGREEMENT WITH MEYERS NAVE RIBACK SILVER AND WILSON:

The Board is requested to approve an amendment.

RECOMMENDATION: Adopt Resolution No. 2017-0034, approving and authorizing the President/CEO to execute a First Amendment to the Agreement with Meyers Nave Riback Silver & Wilson for Professional Legal Services extending the term for one year.

(Legal: Amy Gonzalez, General Counsel)

15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A THIRD AMENDMENT TO THE PUBLIC ART AGREEMENT WITH UEBERALL INTERNATIONAL, LLC FOR RENTAL CAR CENTER PUBLIC ART PROJECT:

The Board is requested to approve an amendment.

RECOMMENDATION: Adopt Resolution No. 2017-0035, approving and authorizing the President/CEO to execute a Third Amendment to the Public Art Agreement with Ueberall International, LLC to extend the term for four (4) months resulting in a termination date of August 31, 2017.

(Vision, Voice, & Engagement: Lauren Lockhart, Arts Program Manager)

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

16. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN ENGINEERING CONSULTING SERVICES AGREEMENT WITH P2S ENGINEERING, INC.:

The Board is requested to approve an agreement.

RECOMMENDATION: Adopt Resolution No. 2017-0036, approving and authorizing the President/CEO to execute an Engineering Consulting Services Agreement with P2S Engineering, Inc., in an amount not-to-exceed \$5,000,000, for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO in support of the Central Utility Plant Optimization and Site Utilities Integration Program, at San Diego International Airport.

(Facilities Management: David LaGuardia, Director)

17. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN ON-CALL HAZARDOUS WASTE MANAGEMENT SERVICE AGREEMENT WITH OCEAN BLUE ENVIRONMENTAL SERVICES, INCORPORATED:

The Board is requested to approve an agreement.

RECOMMENDATION: Adopt Resolution No. 2017-0037, approving and authorizing the President/CEO to execute an On-Call Hazardous Waste Management Service Agreement with Ocean Blue Environmental Services, Incorporated, for a term of three years, with the option for two one-year extensions exercisable at the sole discretion of the President/CEO, in an amount not-to-exceed \$7,000,000.

(Environmental Affairs: Brendan Reed, Director)

18. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH FERRELLGAS, LP FOR ON-SITE PROPANE FUEL SUPPLIER FOR PARKING AND EMPLOYEE SHUTTLE BUSES:

The Board is requested to approve an agreement.

RECOMMENDATION: Adopt Resolution No. 2017-0038, approving and authorizing the President/CEO to execute an agreement with Ferrellgas, LP for on-site delivery and dispensing of liquid propane fuel to the parking and employee shuttle bus fleet operation, for a term of three years with two one-year options to extend and an amount not to exceed \$3,300,000.

(Ground Transportation: Marc Nichols, Director)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

19. APRIL 2017 LEGISLATIVE REPORT:

The Board is requested to approve the report.

RECOMMENDATION: Adopt Resolution No. 2017-0024, approving the April 2017 Legislative Report.

(Inter-Governmental Relations: Michael Kulis, Director)

WORKSHOP:

20. REVIEW OF THE DRAFT FIVE-YEAR STRATEGIC PLAN FOR THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY:

The Board is requested to discuss the draft strategic plan.

RECOMMENDATION: Discuss the Draft Five-Year Strategic Plan.

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

CLOSED SESSION:

- 21. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: GGTW LLC v San Diego County Regional Airport Authority, et al., San Diego Superior Court Case No. 37-2016-00032646-CU-BC-CTL
- 22. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: San Diego County Regional Airport Authority v. American Car Rental, Inc., San Diego Superior Court Case No. 37-2016-00024056-CL-BC-CTL
- 23. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Dryden Oaks, LLC v. San Diego County Regional Airport Authority, et al., San Diego Superior Court, North County, Case No. 37-2014-00004077-CU-EI-NC
- 24. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.
Number of potential cases: 1
- 25. CONFERENCE WITH REAL PROPERTY NEGOTIATORS AND WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Gov. Code §§54956.9(d)(e)(1) and 54954.5(b))
Property: Concession leases (food & beverage) with Host, High Flying Foods and SSP
Agency Negotiator: Scott Brickner, Kathy Kiefer and Eric Podnieks
Negotiating Parties: Host, High Flying Foods San Diego Partnership, SSP America, Inc. and Stellar Partners, Inc.
Under negotiation: rent (price and terms of payment), closure/conversion of locations, new concession buildout, ACDBE participation, lease compliance issues, claim by Host and close outs/permits.
- 26. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
The Receipt of a Government Claim from Cal-a-Vie Spa
Number of potential cases: 1
- 27. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Navy Boat Channel Environmental Remediation
Number of potential cases: 1

- 28. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of potential cases: 2
- 29. CONFERENCE WITH LEGAL COUNSEL –ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
In re Seaport Airlines, Inc., U.S. Bankruptcy Court Case No. 16-30406-rld7
Number of potential cases: 1
- 30. PUBLIC EMPLOYEE APPOINTMENT:**
Cal. Gov. Code §54957
Title: President/Chief Executive Officer

REPORT ON CLOSED SESSION:

GENERAL COUNSEL REPORT:

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

BOARD COMMENT:

ADJOURNMENT:

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

- 1) Persons wishing to address the Board, ALUC, and Committees shall 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 Administration Building. Bring your ticket to the third floor receptionist for validation.

You may also reach the Administration Building by using public transit via the San Diego Metropolitan Transit System, Route 992. The MTS bus stop at Terminal 1 is a very short walking distance from the Administration Building. ADA paratransit operations will continue to serve the Administration Building as required by Federal regulation. For MTS route, fare and paratransit information, please call the San Diego MTS at (619) 233-3004 or 511. For other Airport related ground transportation questions, please call (619) 400- 2685.

UPCOMING MEETING SCHEDULE

| <i>Date</i> | <i>Day</i> | <i>Time</i> | <i>Meeting Type</i> | <i>Location</i> |
|--------------------|-------------------|--------------------|----------------------------|------------------------|
| May 4 | Thursday | 9:00 am | Regular | Board Room |



ARRIVE, DEPART,
BE INSPIRED.

Art Program Policy 8.50

Lauren Lockhart

Arts Program Manager

Chris Chalupsky

Sr. Manager, Arts & Community Partnerships

April 6, 2017

The Arts Program at SAN



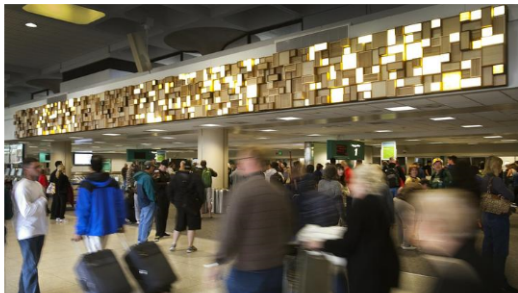
Existing Policy 8.50 is used as the foundation for execution of the Arts Program. It was developed with input from the community and Art Advisory Committee.

Since 2006 the Arts Program has...

- Commissioned and installed **27** public artworks
- Hosted more than **100** performances in music, dance, theater and more
- Organized **134** unique temporary exhibitions
- Partnered with **40** different youth and community organizations
- Performed outreach to the San Diego community through **dozens** of public presentations
- Maintained the **45** works in our collection so that the current appraised value is over **\$9 million**



San Diego's airport gets serious about art



Passengers walk past "Signalscape," the newly installed work by artist Miki Itasaki above the baggage claim area in Terminal One at San Diego International Airport Lindbergh Field. (Howard Lipin)



By **James Chute**

NOVEMBER 26, 2011, 9:00 AM

Your departure was late, you were seated in front of a crying child, and now you are rushing toward the baggage claim at San Diego International Airport's Terminal One, wondering if your suitcase made it. Understandably, you are a little stressed.

Just before you get to the [Southwest Airlines](#) carousel, you notice a large wooden grid with gently undulating lights and you realize they shift depending on the people moving beneath them. You take in the lights, you look at the people, you may even shift your position to see if your movements also affect the pattern. Suddenly, you are not feeling quite as anxious.

San Diego Airport's new rental car center a showcase for art

TODAY IN THE SKY // WWW.USATODAY.COM/TRAVEL/TODAYINTHESKY/ **Horrie Bashas, Special for USA TODAY** 10:54 a.m. EST January 21, 2016



(Photo: Paolo Mason)

Joining an "it just makes sense" trend, on Wednesday [San Diego International Airport](http://www.san.org/) (<http://www.san.org/>) officially opened a new consolidated rental car center with room for more than 5,000 cars.

The \$316 million, 2-million-square-foot building on the north side of the airport now houses fourteen rental car brands, with room for five more. And instead of the 81 shuttle buses previously operated by assorted rental car companies, 16 new alternative-fuel shuttles owned and operated by the airport run to and from the terminals.

That not only makes it easier for passengers picking up a rental car, it reduces road congestion into and out of the airport.

More than 1 million cars are rented at SAN each year, but even travelers not borrowing cars may want to visit the rental car facility at SAN Airport just to see the public art.

This airport is becoming a circus

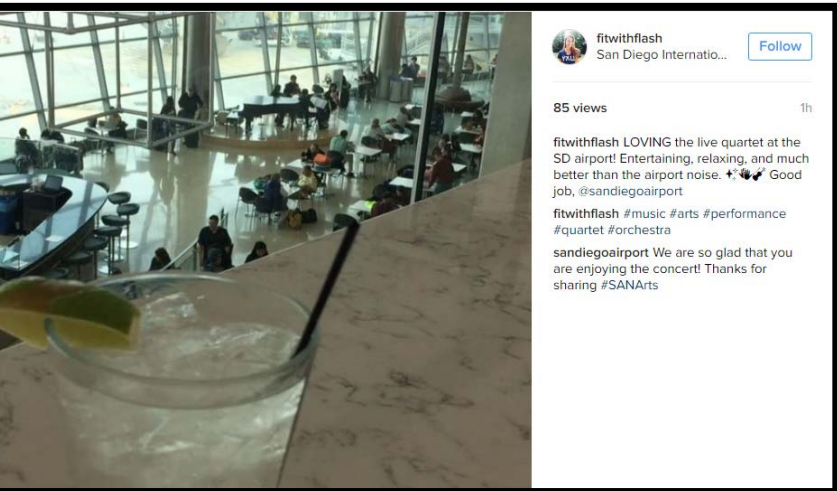
by Kathryn Vasek @KathrynVasek

May 11, 2016: 12:10 PM ET

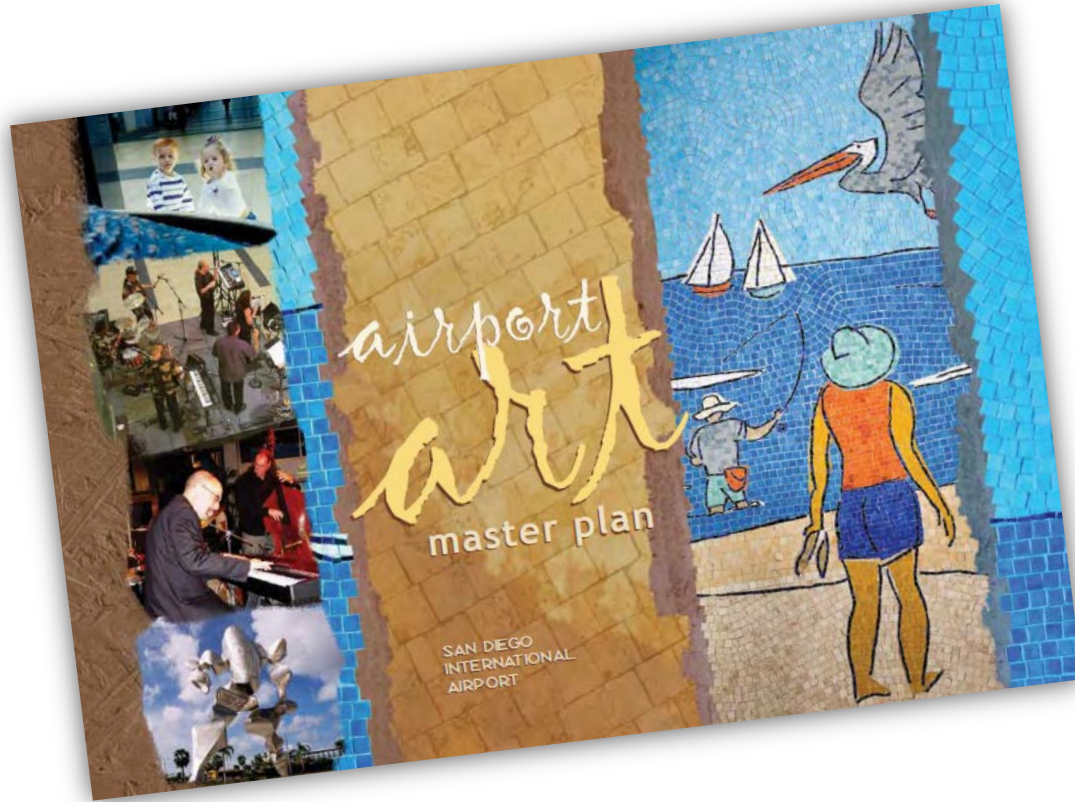


Being stuck at the San Diego airport is about to get much more entertaining.

The San Diego International Airport has hired the [Fern Street Circus](#) to perform for fliers.

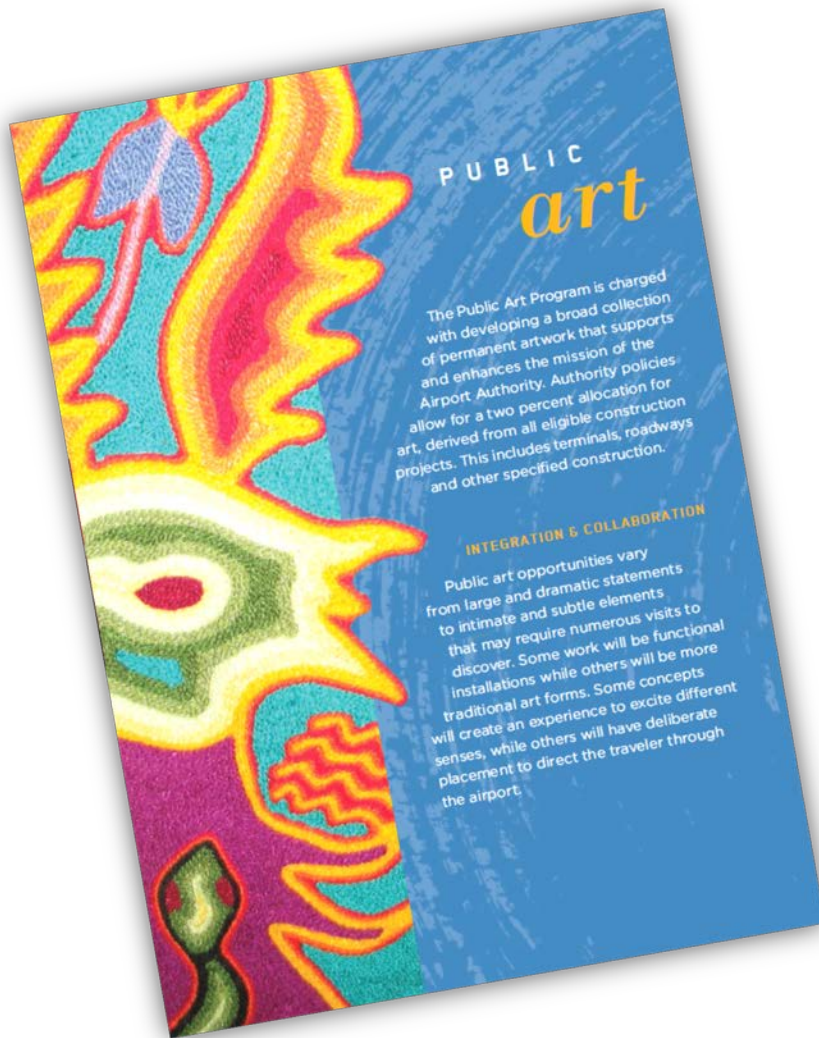


Airport Art Master Plan Process & Purpose



- Formalized in 2006
- Guides policy-making and procedures for implementation of Arts Program
- Prioritizes and defines goals for three components of the Arts Program: Public Art, Performing Arts, and Temporary Exhibitions
- Served as the framework from which the Authority Policy 8.50 was derived

Master Plan Public Art Focus



- **Artists:** Commission artists through a competitive selection process rather than purchase artworks
- **Integration:** Integrate artist designs and works into building function and architectural design
- **Site-Specific:** Respond to and respect airport environment through works that are intentionally created and placed
- **Collaboration:** Encourage collaboration between artists and other airport design professionals

Master Plan Guidelines for Gifts & Loans of Artwork

2006 Master Plan

Proposed gifts of artwork or of funds for the acquisition of artwork shall be referred to the Airport Art Advisory Committee for review and recommendation to the President/CEO for approval. Review shall be based on the same goals and criteria as for public artwork acquired according to the Master Plan. In keeping with the program's focus to commission artists rather than select artwork, the acceptance of gifts shall be discouraged and shall only occur under unique circumstances.

2011 Master Plan and Policy Assessment Report

"Artwork donations have been offered to SDCRAA over the years. When gifts and loans of artwork are proposed for placement within SDCRAA, it is critical that the proposals are reviewed using the same criteria applied to the commissioning and exhibition of other artworks undertaken through the Airport Art Program."

-Gail Goldman, Public Art Consultant

The primary objectives of the Donation Policy are:

- To provide deliberate, uniform procedures for the review and acceptance of gifts and loans of artwork to SDCRAA
- To maintain high artistic standards in all artwork displayed by SDCRAA
- To facilitate planning for the placement of artwork at SDCRAA
- To further the goals of the Airport Art Program

Authority Policy 8.50

To ensure a fair and consistent process, the policy:

- States that artwork shall be integrated whenever possible into the airport environment
- Contains clear and specific criteria and steps for artist selection, gifts and loans of artwork, deaccession, conservation and maintenance, and the role of Art Advisory Committee and staff
- Ensures that a cohesive public art collection is developed and maintained

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.5 - VISUAL AND PERFORMING ARTS
SECTION 8.50 - POLICY FOR THE AIRPORT AUTHORITY ART PROGRAM

PURPOSE: To establish policy governing acquisition, retention, display, gifts and loans, and deaccession of Artwork at all public-use facilities and airports under the jurisdiction of the San Diego County Regional Airport Authority ("Authority").

GOALS: To integrate the Airport Art Program into the day-to-day administration of the Authority and to afford new and innovative opportunities for the presentation of art and culture and to further the mission of the Authority.

DEFINITIONS:

Airport. All public-use facilities and airports under the jurisdiction of the Authority including San Diego International Airport (Lindbergh Field).

Acquisition. Permanent artwork collected and catalogued by the Authority through purchase, commission, bequest, or gift.

Art Advisory Committee (AAC). A standing committee that serves to advise the President/CEO and Board on matters regarding the Airport Art Program.

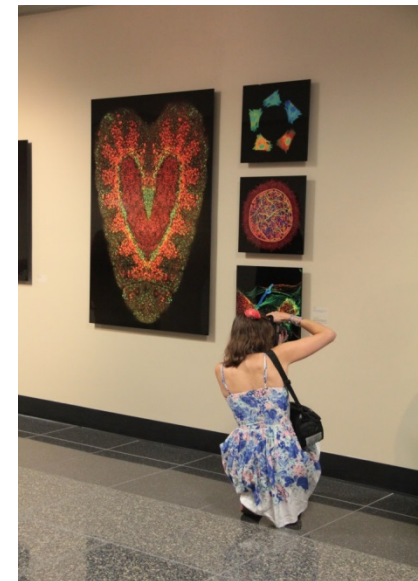
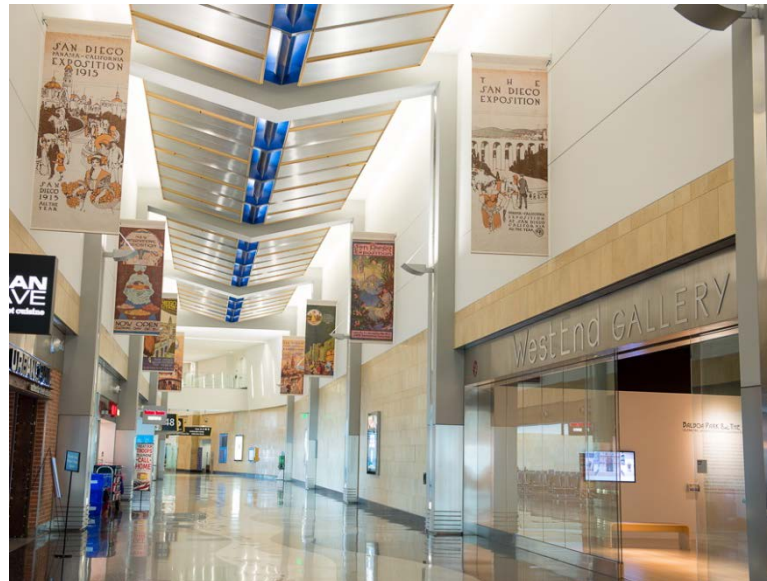
Airport Art Master Plan. A five-year planning document reviewed and recommended by the AAC to the President/CEO and subsequently approved by the Board that establishes a strategic direction for the Airport Art Program and defines the associated administrative, organizational, financial resources and guidelines to support its implementation.

Airport Art Site and Opportunity Plan. An annual plan reviewed and recommended by the AAC to the President/CEO and subsequently approved by the Board that identifies specific areas, project opportunities, and budget allocations for the following fiscal year as a document discrete from the Airport Art Master Plan. The Airport Art Site and Opportunity Plan may be modified during the course of the year in response to changing conditions.



By ensuring the consistent implementation of arts programming of the highest caliber, the Authority:

- Improves customer experience
- Increases organizational identity
- Creates a sense of place
- Reflects the cultural richness of the region
- Conveys customer care and attention to passengers' overall wellbeing and enjoyment of their time at SAN
- Attracts experienced, reputable artists to opportunities



Green Build Public Art



"mesmerizing"

"beautifully executed"

"incredible"

"reflective of a new era of fresh thinking about public art"

Art Advisory Committee

"The credibility of an arts program is paramount to its success and reputation. Using professionals with arts expertise on the AAC reinforces the program's commitment to artistic excellence."

- Gail M. Goldman, Public Art Consultant



- AAC Composition includes:
 - Six voting members who are Arts Professionals or Design Professionals.
 - At least two (2) of the six voting members who are practicing artists.
 - At least one (1) of the six members shall be actively involved in the performing arts.
 - At least two (2) of the six members who reside outside San Diego County.
 - **One (1) member of the Airport Authority's Board of Directors as appointed by the Board of Directors.**
 - Up to three (3) ex-officio, non-voting SDCRAA staff members whose departments work closely with the Airport Art Program.

8.50 Policy Process & Evaluation Criteria

Gifts & Loans of Artwork

POLICY SECTION No. 8.50

- c. Artistic excellence of the Gift or Incoming Loan of Artwork;
- d. Costs for delivery, site preparation, installation, maintenance and ongoing display of the Gift or Incoming Loan of Artwork; and
- e. Any special restrictions, conditions, or considerations required by the donor regarding the use of the Gift or Incoming Loan of Artwork.

POLICY SECTION No. 8.50

- ii. Copyright. Subject to the above provisions, the Artist retains copyright to the Artwork as the sole author of the Artwork and the Artist (or other copyright holder if not the Artist) gives the Authority perpetual license and right to use the Artwork and images of the Artwork at the Authority's sole discretion and without further compensation, including all commercial and non-commercial uses regardless of whether or not a fee is charged to the public or whether revenue is otherwise received by the Authority. The Authority will reasonably endeavor to provide advance notice to the copyright holder for any Artwork that is anticipated to be prominently featured in a commercial use undertaken by the Authority.
- iii. Unconstrained Use. The Authority shall have the right to alter, change, modify, relocate, destroy, distort, mutilate, remove, transport, store, sell, transfer in whole or in part, replace and replicate the Artwork in whole or in part when the Authority, in its sole discretion, deems it necessary for any reason or when required as part of public works or infrastructure improvements to enhance Airport facilities.
- (d) Rights and Responsibilities. A legal instrument of conveyance clearly defining the rights and responsibilities of all parties must accompany all Artwork acquired and presented by the Authority, including but not limited to ownership, copyright, license, and reproductions.
- (e) Conservation and Maintenance. The President/CEO shall ensure that all Artwork in the Public Art Collection is maintained and exhibited in accordance with an annual conservation and maintenance plan. Maintenance and conservation shall be conducted through the use of qualified fine art conservators when necessary, skilled maintenance technicians, and detailed Artwork maintenance records.
- (f) Collections Management. The President/CEO shall ensure accurate records that document the ownership, care and appraisal value of Public Art Collection.
- (g) Gifts and Loans of Artwork. The AAC shall review all Gifts and Loans of Artwork and shall provide a written recommendation to the President/CEO.
 - i. The Authority shall accept donated Gifts and Incoming Loans of Artwork only where the President/CEO, in his or her sole discretion, determines that special and unique circumstances exist. In making such a determination, the President/CEO shall consider, at a minimum, whether some or all of the following criteria exist:
 - a. Relevance of the Gift or Incoming Loan of Artwork to the Public Art Collection;
 - b. Appropriateness of the Gift or Incoming Loan of Artwork to the Airport;

- (g) Gifts and Loans of Artwork. The AAC shall review all Gifts and Loans of Artwork and shall provide a written recommendation to the President/CEO.
 - i. The Authority shall accept donated Gifts and Incoming Loans of Artwork only where the President/CEO, in his or her sole discretion, determines that special and unique circumstances exist. In making such a determination, the President/CEO shall consider, at a minimum, whether some or all of the following criteria exists:
 - a. Relevance of the Incoming Loan of Artwork to the Public Art Collection;
 - b. Appropriateness of the Gift or Incoming Loan of Artwork to the Airport;
 - c. Artistic excellence of the Gift or Incoming Loan of Artwork;
 - d. Costs for delivery, site preparation, installation, maintenance and ongoing display of the Gift or Incoming Loan of Artwork; and
 - e. Any special restrictions, conditions, or considerations required by the donor regarding the use of the Gift or Incoming Loan of Artwork.

Public Art Program Survey



- Staff informally surveyed 15 national municipal and airport public art program policies



- Process and procedure pertaining to gifts and loans of artwork were benchmarked against Authority Policy



MAYOR'S OFFICE
OF
CULTURAL AFFAIRS



OFFICE OF ARTS & CULTURE
SEATTLE

raleigh arts
COMMISSION

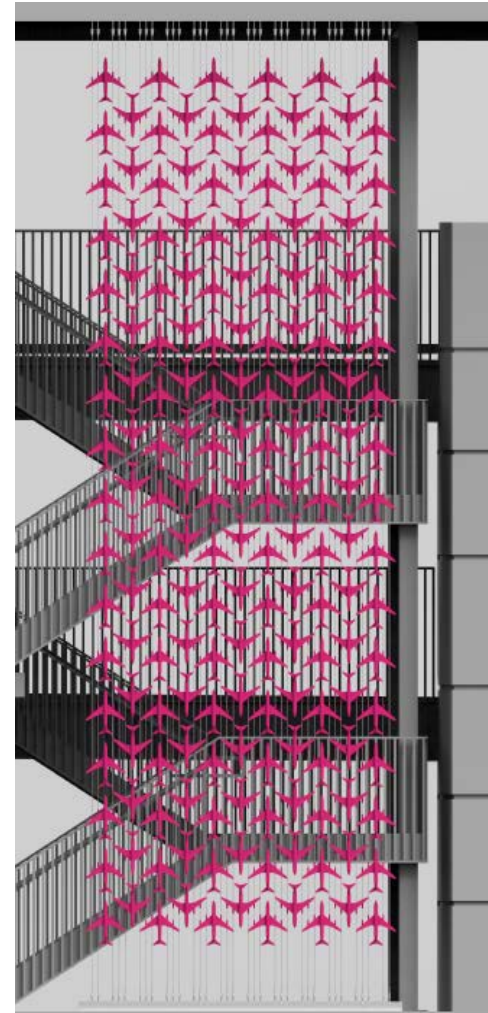
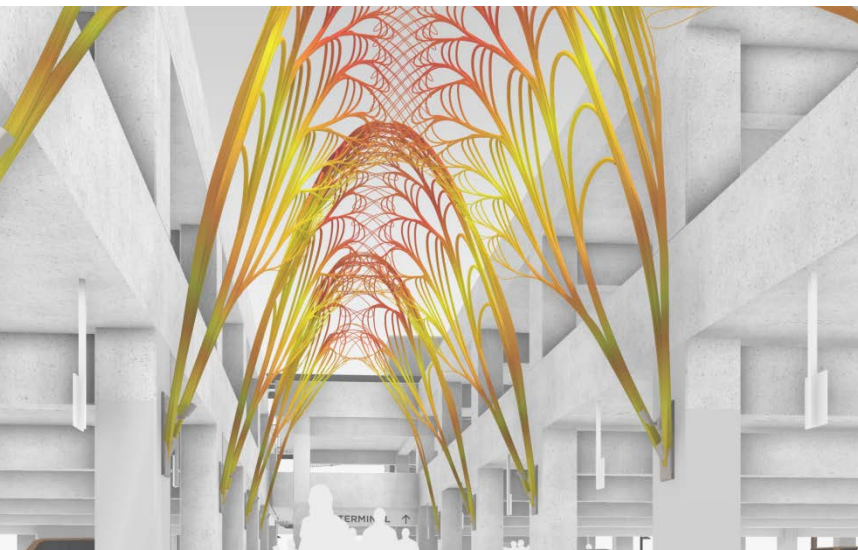
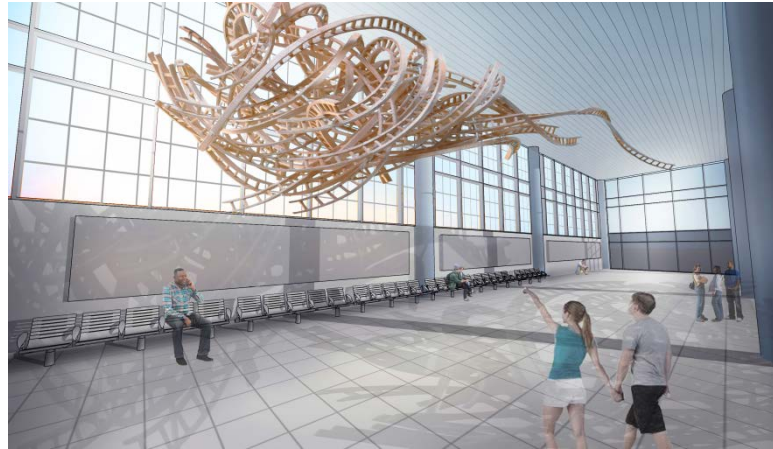


| Agency | Standing Professional Arts Review Body | Evaluation Criteria* | Ad Hoc Review Body | Art Staff Only |
|---------------------|--|----------------------|--------------------|----------------|
| Atlanta† | √ | √ | | |
| Austin† | √ | √ | √ | |
| Chicago† | | √ | | √ |
| Dallas† | √ | √ | | |
| Denver† | √ | √ | | |
| Nashville† | √ | √ | | |
| New York City Parks | √ | √ | | |
| Louisville | √ | √ | | |
| Portland† | √ | √ | √ | |
| Raleigh | √ | √ | | |
| San Antonio† | √ | √ | √ | |
| SAN | √ | √ | | |
| San Francisco† | √ | √ | √ | |
| San Jose† | √ | √ | | |
| Tampa | √ | √ | √ | |

*Including but not limited to artistic excellence, artist reputation, appropriateness to site, relevance to existing collection

†City agencies that govern public art at regional airport(s)

Looking Ahead





Questions?

**DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, MARCH 2, 2017
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER: Chairman Boling called the regular meeting of the San Diego County Regional Airport Authority to order at 9:02 a.m. on Thursday, March 2, 2017, in the Board Room at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

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

ROLL CALL:

PRESENT: Board Members: Boling, Desmond, Janney, Kersey,
Robinson, Schumacher, Sessom,
Col. Woodworth (Ex Officio)

ABSENT: Board Members: Berman (Ex Officio), Cox
Ortega (Ex Officio), Gleason

ALSO PRESENT: Thella F. Bowens, President/CEO; Amy Gonzalez, General
Counsel; Tony R. Russell, Director, Corporate and Information
Governance/Authority Clerk; Ariel Levy-Mayer, Assistant Authority
Clerk I

Board Member Sessom arrived during the course of the meeting.

Chairman Boling announced that Items 8 and 9 would be heard first followed by Public Comment.

OLD BUSINESS:

**8. PRESENTATION AND APPROVAL OF THE AMENDED PREFERRED
AIRPORT DEVELOPMENT PLAN CONCEPT (*CONTINUED FROM THE
FEBRUARY 2, 2017 BOARD MEETING*):**

Angela Jamison, Acting Director, Airport Planning & Noise Mitigation provided a presentation on the Request to Provide Direction to Continue Programmatic Planning and Environmental Analysis Based on the Amended Preferred Airport Development Plan Concept which included Alternative 5 Ultimate Configuration, Amended Preferred ADP Concept, Airport Access Roadway Study Objective and Secondary Study Objectives, Concept Development Process, Roadway Alternatives Summary, Additional Concept Requirements, Potential Impacts for Multi-Agency Coordination and Discussion, Option, Amended Preferred ADP Concept Phase 1a, 1b, Phase 2, and Next Steps.

Board Member Sessom arrived at 9:09 a.m.

Board Member Desmond questioned if the City of San Diego is on board with the recommended entrance of the roadway to Harbor Dr. and requested that the conversation with other agencies occur before including the Airport Roadway Access concept recommended by staff in the Environmental Impact Report (EIR).

In response to Chairman Boling regarding what is and what is not included in the EIR, Amy Gonzalez, General Counsel stated that off-airport improvements are not included in the EIR.

Board Member Desmond expressed concerns with the impacts of the roadway and stated that the Authority needs to insure that it is a viable option before we spend any money.

Board Member Janney expressed support for the implementation of a multi-agency policy level group to address off-airport roadway access.

RECOMMENDATION: Adopt Resolution No. 2017-0013, directing staff to continue ADP programmatic planning and environmental analysis, based on the amended preferred alternative identified in this staff report and Board presentation.

Adopt Resolution No. 2017-0021, directing the President/CEO to work with the Board Chair to implement a multi-agency policy level group to address off-airport roadway access.

ACTION: Moved by Board Member Robinson and seconded by Board Member Desmond to approve staff's recommendation. Motion carried by the following Vote: YES – Boling, Desmond, Janney, Kersey, Robinson, Schumacher, Sessom; NO – None; ABSENT – Cox, Gleason (Weighted Vote Points: YES – 79; NO – 0; ABSENT – 21).

NEW BUSINESS:

9. **APPROVE AND ADOPT A MID-YEAR ADJUSTMENT OF THE CAPITAL PROGRAM BUDGET FOR FISCAL YEARS 2017-2021 TO FUND THE TERMINAL 2 WEST FEDERAL INSPECTION SERVICES PROJECT; AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A DESIGN-BUILD AGREEMENT WITH TURNER-PCL FOR DESIGN AND CONSTRUCTION OF THE TERMINAL 2 WEST FEDERAL INSPECTION SERVICES FACILITY:**
Jeffrey Woodson, VP, Development; and Hampton Brown, Director, Air Service Development provided a presentation on the Approval and Adoption of a Mid-year Adjustment of the Capital Program Budget for Fiscal Years 2017-2021 to fund the Terminal 2 West Federal Inspection Services Project; and Authorize the President/CEO to Execute a Design-Build Agreement with Turner-PCL, a Joint Venture for Design and Construction of Terminal 2 West Federal Inspection Services Project, which included FIS Background and Demand, FIS Scope of

Work, Environmental & Coastal Review Status, Procurement Process and Results, Proposed Schedule/Budget/Finance, and Recommendations.

In response to Chairman Boling regarding the cost of the Federal Inspection Services (FIS) facility project in the Green Build project and why it was removed, Thella Bowens, President/CEO stated that the removal of the FIS project from the Green Build project reduced the Green Build cost by \$78 Million and that in discussions with airlines, their preference was to wait to build the FIS facility, as they did not agree it was an urgent need.

Board Member Schumacher questioned if there is a risk that the seat charge won't be achievable. Scott Brickner, VP, Finance and Asset Management/Treasurer stated that there is a risk and that it would have to be negotiated with the airlines.

Board Member Kersey expressed concern regarding the increase in costs between the Green Build and the current project. In response, Mr. Woodson stated that the Green Build was constructed during a recessionary period and that the expedited construction timeline has affected cost. Ms. Bowens also stated that during the Green Build the construction team was already mobilized.

Board Member Kersey expressed concern with the waiver of Policy 5.02(4)(b)(iii) and suggested an amendment to the motion that the Chair of the Board or the Chair of the Capital Improvement Oversight Committee be included as a secondary signatory to the President/CEO for any change order that results in an increase in the contract price in excess of four percent (4%).

In response to Board Member Sessom regarding what the impact would be if we just say no to additional international flights, Hampton Brown, Director, Air Service Development stated that this is a policy decision but that it transcends the Authority and that it would impact the mission of many other agencies in San Diego as well as cause international flights to go through LAX.

Ms. Bowens stated that international passengers spend more money than domestic passengers in the local community.

PAOLA AVILA, SAN DIEGO, VP of International Business Affairs & Leadership Development for San Diego Regional Chamber of Commerce, spoke in support of the staff's recommendation.

KERRI KAPICH, SAN DIEGO, COO of the San Diego Tourism Authority spoke in support of staff's recommendation.

RICHARD LEDFORD, SAN DIEGO, spoke in support of staff's recommendation.

NATE TURNBULL, SAN DIEGO, VP of Public Policy at CONNECT spoke in support of staff's recommendation.

DEBORAH PORTER, SAN DIEGO, spoke against more flights at the airport and stated that it's not good public policy to waive policy.

MARGO TANGUAY, SAN DIEGO, spoke in support of staff's recommendation.

LILA SCHMIDT, SAN DIEGO, expressed concern with the procurement process and an increase in flights.

Board Member Desmond made a motion to approve staff's recommendation. Board Member Robinson seconded the action.

Board Member Sessom expressed concern regarding the acceleration of the FIS project, it's economic impact, and the waiver of Policy 5.02(4)(b)(iii).

Board Member Kersey stated that he wishes this project had been done 6-8 years ago. He stated that he is not completely satisfied with why this project is much more expensive and requested additional information regarding the cost difference in the FIS project included in the Green Build project and the current staff recommendation. He also requested a friendly amendment to the motion to include the Chairman of the Board as a signatory to change orders above 4%.

Board Member Schumacher stated that he is not enthusiastic about the costs but the Authority needs to be able to accommodate international flights.

Board Member Robinson stated that the Board has a fiduciary duty to address the FIS needs.

Chairman Boling stated that the Authority has a responsibility to San Diego County to provide service to where people want to go.

RECOMMENDATION: Adopt Resolution No. 2017-0019, approving and adopting a mid-year adjustment to the Fiscal Year 2017-2021 Capital Program Budget to fund the Terminal 2 West Federal Inspection Services project for a project budget of \$229,474,214.00.

Adopt Resolution No. 2017-0020, approving and authorizing the President/CEO to: 1) negotiate and execute a Design-Build Agreement with Turner-PCL, for design and construction of the Terminal 2 West Federal Inspection Services Facility for a Guaranteed Maximum Price (GMP) not-to-exceed \$186,625,485.00; and 2) negotiate and execute future change orders using uncommitted funds within the project budget of \$229,474,214.00.

ACTION: Moved by Board Member Desmond and seconded by Board Member Robinson to approve staff's recommendation as amended to include the Chairman of the Board as a secondary signatory for any change orders over 4% of the contract value. Motion carried by the following Vote: YES – Boling, Desmond, Janney, Kersey, Robinson, Schumacher; NO – Sessom; ABSENT – Cox, Gleason (Weighted Vote Points: YES – 71; NO – 8; ABSENT – 21).

The Board recessed at 11:07 a.m. and reconvened at 11:20 a.m.

NON-AGENDA PUBLIC COMMENT:

JOHN DADIAN, SANTEE, representing SSP America requested that staff review the recommendations made by SSP America in John Clark's letter to the Authority and requested a response within 30 days.

Board Member Desmond requested a report from staff regarding the SSP America issue.

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
Board Member Robinson reported that the Audit Committee met on February 13, 2017 and forwarded one report to the Board.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** None.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Board Member Desmond reported that the committee met on January 12, 2017 and received a presentation on the results of the 2017 employee health and welfare benefits enrollments. He reported that the Authority saved an estimated \$700,000 due to offering active employees health plans with BlueShield of California. He also reported that an estimated \$138,000 savings was made due to offering eligible retirees a medical advantage health plan with United Healthcare, and the Authority was able to achieve an average cost increase of only 3% over 5 years, well below the reported trend of 7%. He reported that mid-year performance reviews were conducted with the President/CEO, Chief Auditor and General Counsel. He also reported that the next meeting is scheduled for April 13, 2017.
- **FINANCE COMMITTEE:**
Chairman Boling reported that the selection of debt underwriters was forwarded to the Board from the February 21, 2017 meeting and recommended for approval today.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Board Member Robinson reported that a meeting is planned to be scheduled for early May.
- **ART ADVISORY COMMITTEE:** None.

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN:**
Board Member Janney reported that meetings with the NAS North Island ALUCP community working group will begin next week and brief updates to the format of the NAS North Island ALUCP made by staff and the City of Coronado will be shared.
- **CALTRANS:** None.
- **INTER-GOVERNMENTAL AFFAIRS:**
Mike Kulis, Director, Inter-Governmental Relations reported that staff provided an airport briefing and airfield tour to San Diego City Councilmember Barbara Bry on February 16th and to La Mesa Councilmember Colin Parent on February 22nd, and on February 21st Chairman Boling and staff provided an airport update and tour of the Rental Car Center to Congresswoman Susan Davis. He reported that staff also provided an airport briefing to San Diego Councilmember Georgette Gomez on February 22nd and met with State Senator Toni Atkins on February 24th. He also reported that Board Member Kersey and he participated this week in the San Diego Regional Chamber of Commerce's advocacy trip to Sacramento where discussions were made with several delegation members and Administration officials about airport issues. Lastly he reported that February 17th was the deadline for bills to be introduced in the State Legislature this year.

Board Member Janney requested that staff provide a digest of the aviation subcommittee hearing on PFC's.

Board Member Kersey thanked Mr. Kulis and stated that during the trip to Sacramento, Mr. Kulis spoke with the Governor's senior staff regarding the list of infrastructure projects submitted to the White House and requested that airport projects be considered for the future as there were currently none on the list. Mr. Kulis stated that the Governor's office asked that the Authority provide a list of shovel ready projects and that a follow up letter should be received from the Governor's office.

- **MILITARY AFFAIRS:** None.

- **PORT:**
Chairman Boling reported that the Port Authority and Airport Authority will be working together on transportation and it is a priority for discussion over the next year. She also reported that discussion regarding Custom and Border Protection, sharing of staff and additional staff needs were discussed at the last meeting.
- **WORLD TRADE CENTER:** None.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Board Member Robinson reported that he met with SANDAG and Supervisor Roberts and discussed the funding of a study for the placement of a gondola in Seaport Village and the San Diego Airport.

Board Member Desmond suggested that the Authority provide an informational presentation on the ADP off-airport roadway access to the SANDAG Transportation Committee.

CHAIR'S REPORT: Chairman Boling reported that Board Member Gleason has been reappointed for a three year term by the San Diego City Council. She also reported that the FAA hosted a Metroplex workshop on February 2, 2017 in Solana Beach. She reported that aircraft noise continues to be a concern for residents and that the Authority is continuing to work with airline partners and the FAA to address those concerns. She also reported that the next phase of the FAA SoCal Metroplex procedure is scheduled for implementation in early March. She reported that during her briefing with Congresswoman Susan Davis, Ms. Davis expressed concern regarding recent airport demonstrations and that she was briefed on the Rental Car Center, the lack of funding for the Airport Development Plan and updated on the FIS project. She also reported that staff and her attended a Public Private Partnership (P3) conference in Dallas and highly recommended that the Authority attend the next P3 conference specific to airport needs scheduled for July 2017 in San Diego. She reported that on February 9, 2017 she attended the Hotel Motel Association Board meeting where a presentation on the Airport Development Plan, options and opportunities related to funding were discussed.

PRESIDENT/CEO'S REPORT: Thella F. Bowens, President/CEO reported that the Parking Plaza project is on schedule despite rainy weather and that Environmental Affairs and Swinerton are pursuing a Parksmart Certification and if achieved that San Diego Airport (SAN) will be the first airport in the US recognized under the Green Parking Program. She reported that the Samsung Gear S2/S3 Smartwatches are being piloted with the intent to improve response time and promote efficient use of staff by alerting technicians to airport problems. She reported that SAN is the first airport in world to use this technology and if successful it will be implemented in other airports.

PRESENTATIONS:

A. DISCUSSION REGARDING THE PARAMETERS FOR THE FISCAL YEAR 2018 AND FISCAL YEAR 2019 OPERATING BUDGETS:

Scott Brickner, VP, Finance & Asset Management/Treasurer; and John Dillon, Director, Financial Management provided a presentation on the Discussion Regarding the Parameters for the FY 2018 and FY 2019 Operating Budgets which included Strategic Direction, Economic Update, Moody's Report, Budget Considerations, Authority Financial Snapshot, Budget Challenges, Budget Guidelines and Budget Calendar.

Board Member Kersey requested that two items be added to a future Board agenda regarding debt load comparison for airports of similar size, and utilization rates for the airport valet parking.

Board Member Sessom left the meeting at 12:05

Board Member Kersey left the meeting at 12:07 p.m.

Board Member Desmond expressed concern with the effect TNC's might have on Rental Car Center revenues.

CONSENT AGENDA (Items 1-7):

ACTION: Moved by Board Member Robinson and seconded by Board Member Janney to approve the Consent Agenda. Motion carried by the following Vote: YES – Boling, Desmond, Janney, Robinson, Schumacher; NO – None; ABSENT – Cox, Gleason, Kersey, Sessom (Weighted Vote Points: YES – 58; NO – 0; ABSENT – 42).

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the February 2, 2017 regular meeting.

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

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

3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM JANUARY 9, 2017 THROUGH FEBRUARY 5, 2017 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JANUARY 9, 2017 THROUGH FEBRUARY 5, 2017:

RECOMMENDATION: Receive the report.

4. MARCH 2017 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2017-0015, approving the March 2017 Legislative Report.

CLAIMS

5. REJECT THE CLAIM OF JO-ANN MONTGOMERY:

RECOMMENDATION: Adopt Resolution No. 2017-0016, rejecting the claim of Jo-Ann Montgomery.

COMMITTEE RECOMMENDATIONS

6. SELECTION OF DEBT UNDERWRITERS FOR THE CAPITAL PROGRAM:

RECOMMENDATION: Adopt Resolution No. 2017-0017, approving the selection of debt underwriters for the Capital Program.

CONTRACTS AND AGREEMENTS

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

7. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE ON-CALL ELECTRICAL SERVICE AGREEMENTS WITH BAKER ELECTRIC, INC.; CHULA VISTA ELECTRIC CO.; GLOBAL POWER GROUP, INC.; M&K GENERAL CONTRACTORS, INC.; AND, NEAL ELECTRIC, INC.:

RECOMMENDATION: Adopt Resolution No. 2017-0018, approving and authorizing the President/CEO to execute on-call electrical service agreements with Baker Electric, Inc.; Chula Vista Electric Co.; Global Power Group, Inc.; M&K General Contractors, Inc.; and, Neal Electric, Inc., – each agreement, for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO, for an aggregate total not-to-exceed amount of \$5,000,000 to provide on-call electrical services for San Diego International Airport's ("SDIA's") Capital Major Maintenance Program.

PUBLIC HEARINGS: None.

CLOSED SESSION: The Board recessed into Closed Session at 12:12 p.m. to discuss Items 18 and 20.

10. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Cal. Gov. Code §54956.9(a))

GGTW LLC v San Diego County Regional Airport Authority, et al.

San Diego Superior Court Case No. 37-2016-00032646-CU-BC-CTL

11. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Cal. Gov. Code §54956.9(a))

San Diego County Regional Airport Authority v. American Car Rental, Inc.

San Diego Superior Court Case No. 37-2016-00024056-CL-BC-CTL

- 12. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Dryden Oaks, LLC v. San Diego County Regional Airport Authority, et al.,
San Diego Superior Court, North County, Case No. 37-2014-00004077-CU-EINC
- 13. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to Cal. Gov. Code §§ 54956.9(d)(2))
Re: Investigative Order No. R9-2012-0009 by the California Regional Water
Quality Control Board regarding submission of technical reports pertaining to an
investigation of bay sediments at the Downtown Anchorage Area in San Diego.
Number of potential cases: 1
- 14. CONFERENCE WITH REAL PROPERTY NEGOTIATORS AND WITH LEGAL
COUNSEL – ANTICIPATED LITIGATION:**
(Gov. Code §§54956.9(d)(e)(1) and 54954.5(b))
Property: Concession leases (food & beverage) with Host, High Flying Foods and SSP
Agency Negotiator: Scott Brickner, Kathy Kiefer and Eric Podnieks
Negotiating Parties: Host, High Flying Foods San Diego Partnership, SSP
America, Inc. and Stellar Partners, Inc.
Under negotiation: rent (price and terms of payment), closure/conversion of
locations, new concession buildout, ACDBE participation, lease compliance
issues, claim by Host and close outs/permits.
- 15. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to cal. Gov. Code §54956.9(e)(3))
The Receipt of a Government Claim from VIP Taxi Inc.
- 16. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to Cal. Gov. Code section
54956.9(e)(3))
The Receipt of a Government Claim from K.S.A.N. L.L.C.
- 17. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to Cal. Gov. Code §§ 54956.9(d)(2))
Re: Navy Boat Channel
Number of potential cases: 1
- 18. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
Significant exposure to litigation pursuant to paragraph (2) of subdivision
(d) of Section 54956.9
Number of potential cases: 2
- 19. CONFERENCE WITH LEGAL COUNSEL –ANTICIPATED LITIGATION**
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of
Section 54956.9: 1 case
In re Seaport Airlines, Inc.
U.S. Bankruptcy Court Case No. 16-30406-rld7

20. PUBLIC EMPLOYEE APPOINTMENT:

Cal. Gov. Code §54957

Title: President/Chief Executive Officer

REPORT ON CLOSED SESSION: The Board adjourned from Closed Session at 12:55 p.m. There was no reportable action.

GENERAL COUNSEL REPORT: None.

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

BOARD COMMENT: None.

ADJOURNMENT: The meeting was adjourned at 12:55 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 6th DAY OF APRIL, 2017.

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

**DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
FRIDAY, MARCH 10, 2017 AND SATURDAY, MARCH 11, 2017
SAN DIEGO INTERNATIONAL AIRPORT
ORVILLE AND WILBUR WRIGHT CONFERENCE ROOM**

CALL TO ORDER:

Chairman Boling called the special meeting of the San Diego County Regional Airport Authority Board to order at 10:05 A.M., on Friday, March 10, 2017, in the Orville and Wilbur Wright Conference Room at the San Diego International Airport, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE:

ROLL CALL:

PRESENT: Board Members: Boling, Cox, Desmond, Gleason, Janney, Kersey, Schumacher, Sessom

ABSENT: Board Members: Berman (Ex Officio), Ortega (Ex Officio), Robinson, Woodworth (Ex Officio)

ALSO PRESENT: Thella F. Bowens, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Corporate & Information Governance/ Authority Clerk

BOARD WORKSHOP:

Trudy Sopp, Ph.D., Co-Director, the Centre for Organization Effectiveness, provided an overview of the agenda and ground rules for the retreat.

1. DISCUSSION REGARDING THE AUTHORITY'S VISION, MISSION, VALUES AND INITIATIVES:

Gary Magenta, Senior Vice President, Root, Inc. facilitated a discussion regarding the Authority's Vision, Mission, Values and Initiatives which included a recap of the Vision and Values; and Decision Matrix: Roles/Responsibility.

2. INDUSTRY UPDATE AND DISCUSSION:

Stephen D. Van Beek, Ph.D., Director & Head of North American Aviation, Steer Davies Gleave provided a presentation on Making Sense of a Dynamic Aviation Industry which included the State of the Industry; San Diego's Place within the Aviation Industry; Commercial Airlines Remain Competitive and Dynamic; Aviation Policy Takes Center Stage; Cool New Trends in the Airport Industry; and A Guide to 2017-2018: My Scorecard for San Diego.

3. REVIEW OF THE AUTHORITY'S FIVE YEAR STRATEGIC FRAMEWORK:

Thella F. Bowens, President/CEO; and Gary Magenta, Senior Vice President, Root, Inc. facilitated a discussion on the Authority's Five Year Strategic Framework which included the Current and Future State Development.

The Board adjourned the meeting at 3:06 p.m. to Saturday, March 11, 2017 at 8:30 a.m.

The Board reconvened at 8:34 a.m. on Saturday, March 11, 2017. Board Members Berman (Ex Officio), Ortega (Ex Officio) Robinson and Woodworth (Ex Officio) were ABSENT. Lee Kaminetz, Director, Counsel Services attended in place of Amy Gonzalez, General Counsel.

4. REVIEW OF THE AUTHORITY'S FIVE YEAR STRATEGIC FRAMEWORK (Continued):

Thella F. Bowens, President/CEO; and Gary Magenta, Senior Vice President, Root, Inc. continued the discussion on the Authority's Five Year Strategic Framework which included the Five Year Strategic Plan Goals and Priorities and the Strategic Framework for the 2022 Plan.

The Board concurred to revisit the revision to the Strategic Framework at a future Board Meeting.

5. REVIEW OF THE BOARD WORK PLAN:

This item was not heard.

CLOSED SESSION: The Board recessed into closed session 12:00 P.M. to discuss Item 6.

6. PUBLIC EMPLOYEE APPOINTMENT:

Cal. Gov. Code §54957

Title: President/Chief Executive Officer

REPORT ON CLOSED SESSION: The meeting was adjourned out of closed session at 12:55 P.M.

BOARD COMMENT: None.

ADJOURNMENT: The meeting was adjourned at 12:55 P.M.

APPROVED BY A MOTION OF THE BOARD OF THE SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY THIS 6th DAY OF APRIL, 2017.

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
MONDAY, MARCH 20, 2017
DICK LAUB NTC COMMAND CENTER AT LIBERTY STATION
BOARD ROOM

CALL TO ORDER: Chairman Boling called the special meeting of the San Diego County Regional Airport Authority to order at 9:04 a.m. on Monday, March 20, 2017, in the Board Room of the Dick Laub NTC Command Center at Liberty Station 2640 Historic Decatur Road, San Diego, CA 92106.

PLEDGE OF ALLEGIANCE:

ROLL CALL:

| | | |
|---------------|--|--|
| PRESENT: | Board Members: | Boling, Cox, Gleason, Janney, Kersey, Robinson, Schumacher, Sessom, |
| ABSENT: | Board Members: | Berman (Ex Officio), Desmond, Ortega (Ex Officio), Col. Woodworth (Ex Officio) |
| ALSO PRESENT: | Amy Gonzalez, General Counsel; Tony R. Russell, Director, Corporate and Information Governance/Authority Clerk | |

CLOSED SESSION: The Board recessed into closed session at 9:05 a.m. to discuss Item 1.

1. PUBLIC EMPLOYEE APPOINTMENT:

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

REPORT ON CLOSED SESSION: The Board reconvened into open session at 11:48 a.m. There was no reportable action.

ADJOURNMENT: The meeting was adjourned at 11:48 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 6TH DAY OF APRIL, 2017.

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

APPROVED AS TO FORM:

AMY GONZALEZ
 GENERAL COUNSEL

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

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

Recommendation:

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

Background/Justification:

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

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

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

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

Fiscal Impact:

Board and Committee Member Compensation is included in the FY 2017 Budget.

Authority Strategies:

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

- | | | | | |
|--|--|--|---|---|
| <input checked="" type="checkbox"/> Community Strategy | <input type="checkbox"/> Customer Strategy | <input type="checkbox"/> Employee Strategy | <input type="checkbox"/> Financial Strategy | <input checked="" type="checkbox"/> Operations Strategy |
|--|--|--|---|---|

Environmental Review:

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

Application of Inclusionary Policies:

Not applicable.

Prepared by:

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

APRIL BOLING

MAR 28 2017

Corporate & Information Governance

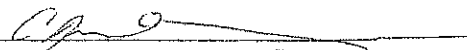
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary

Period Covered: March, 2017

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

| BOARD MEMBER NAME: | | DATE: |
|---|---|---|
| C. APRIL BOLING | | 3/28/17 |
| TYPE OF MEETING | DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING | SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 2, 2017 Time: 9:00 am Location: Airport | ALUC Board Meeting |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 6, 2017 Time: 9:00 am Location: One America Plaza | CEO Search Interviews |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 7, 2017 Time: 9:00 am Location: One America Plaza | CEO Search Interviews |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 10, 2017 Time: 8:00 am Location: Airport | Airport Board Retreat |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 11, 2017 Time: 8:00 am Location: Airport | Airport Board Retreat |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 15, 2017 Time: 10:00 am Location: Airport | Speaking Engagement at Alaska Airlines Announcement |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 20, 2017 Time: 9:00 am Location: Airport | CEO Search Special Board Meeting |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 27, 2017 Time: 09:00 Location: Airport | Executive Finance Committee Meeting |

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

Signature: 

GREG COX

MAR 27 2017

Corporate & Information Governance

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary

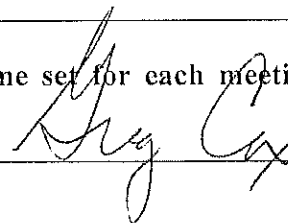
Period Covered: MARCH 1-31, 2017

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

| BOARD MEMBER NAME: | | DATE: |
|--|--|--|
| GREG COX | | MARCH 27, 2017 |
| TYPE OF MEETING | DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING | SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: MARCH 10, 2017 Time: 10:00 am Location: SDIA | SDCRAA BOARD OF DIRECTORS RETREAT |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: MARCH 11, 2017 Time: 8:30 am Location: SDIA | SDCRAA BOARD OF DIRECTORS RETREAT |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: MARCH 20, 2017 Time: 9:00 am Location: LIBERTY STATION | SPECIAL BOARD MEETING |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: MARCH 27, 2017 Time: 9:00 am Location: SDIA | SPECIAL BOARD MEETING EXECUTIVE / FINANCE COMMITTEE |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |

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

Signature: _____



JIM DESMOND

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Member Event/Meeting/Training Report Summary

Period Covered: March 2017

SDCRAA

MAR 29 2017

Corporate & Information Governance

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

| BOARD MEMBER NAME: (Please print) | | DATE OF THIS REPORT: |
|---|--|---|
| Jim Desmond | | March 29, 2017 |
| TYPE OF MEETING | DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING | SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: 02 March 2017 Time: 9am Location: SDIA | Board Meeting |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: 10 March 2017 Time: 12 noon Location: SDIA | Board Retreat |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: 11 March 2017 Time: 9am Location: SDIA | Board Retreat |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: 27 March 2017 Time: 9am Location: SDIA | Special Board Meeting |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: Time: Location: | |

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

Signature:

Jim

Desmond _____

ROBERT GLEASON

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary
 Period Covered: MARCH 2017

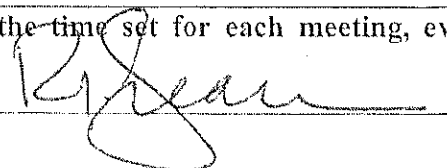
SDCRAA
 MAR 23 2017
 Corporate & Information Governance

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

| BOARD MEMBER NAME: (Please print) | | DATE OF THIS REPORT: |
|---|---|---|
| ROBERT H. GLEASON | | March 21, 2017 |
| TYPE OF MEETING | DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING | SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: March 6, 2017 Time: 8:00 am Location: Hecht Solberg Law Firm | CEO Search interviews |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: March 7, 2017 Time: 10:30 am Location: Hecht Solberg Law Firm | CEO Search interviews |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: March 10, 2017 Time: 10:00 am Location: SDCRAA offices | Board Retreat |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: March 11, 2017 Time: 8:00 am Location: SDCRAA offices | Board Retreat |
| <input checked="" type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: March 20, 2017 Time: 9:00 am & 3:30 pm Location: Liberty Station & SDCRAA | CEO Search interviews Art Advisory Committee meeting |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: March 27, 2017 Time: 9:00 am Location: SDCRAA offices | Executive / Finance Committee meeting |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: March 29, 2017 Time: 12:00 pm Location: Port offices | World Trade Center San Diego board meeting |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: Time: Location: | |

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

Signature: _____



JIM JANNEY

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary
 Period Covered: Mar 2017

SDCRAA
 MAR 29 2017
 Corporate & Information Governance

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

| BOARD MEMBER NAME: (Please print) | | DATE OF THIS REPORT |
|--|---|---|
| James Juncy | | Mar 28 th 2017 |
| TYPE OF MEETING | DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING | SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING |
| <input checked="" type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R | Date: Mar 2 2017 Time: 0900 Location: SDCRAA | Board mtg |
| <input checked="" type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R | Date: Mar 6 Time: 0900 Location: San Diego | CEO interviews |
| <input checked="" type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R | Date: Mar 7 Time: 0900 Location: San Diego | CEO interviews |
| <input checked="" type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R | Date: Mar 10 Time: Noon Location: SDCRAA | Board retreat |
| <input checked="" type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R | Date: Mar 11 Time: 0900 Location: SDCRAA | Board retreat |
| <input checked="" type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R | Date: Mar 8 Time: 3:30 Location: Coronado | Coronado ALUC working group |
| <input checked="" type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R | Date: Mar 20 Time: 0900 Location: Liberty station | Special Board mtg |
| <input checked="" type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R | Date: Mar 27 Time: 0900 Location: SDCRAA | Exec. & Special Board mtg |

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

Signature: _____

MARK KERSEY

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary**


Period Covered: March 2017

| |
|---|
| SDCRAA MAR 23 2017 Corporate & Information Governance |
|---|

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

| BOARD MEMBER NAME: | | DATE: |
|---|---|---|
| Mark Kersey | | 3/22/17 |
| TYPE OF MEETING | DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING | SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 2, 2017 Time: 9:00 am Location: 3225 N Harbor Drive | Board Meeting |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 10, 2017 Time: 10:00 am Location: 3225 N Harbor Drive | Board Retreat/Workshops |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 10, 2017 Time: 8:00 am Location: 3225 N Harbor Drive | Board Retreat/Workshops |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 20, 2017 Time: 9:00 am Location: 3225 N Harbor Drive | Closed Session Board Meeting |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |

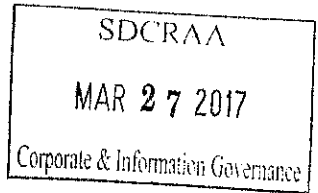
I certify that I was present for at least half of the time set for each meeting, event and training listed herein.

Signature: 

PAUL ROBINSON

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary

Period Covered: 3/31/17



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

| BOARD MEMBER NAME: | | DATE: |
|---|---|---|
| Paul Robinson | | |
| TYPE OF MEETING | DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING | SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: 3/2/17 Time: 9:00 — 1:00 pm Location: SDCRAA Bd Rm | SDCRAA Bd /ALVC Mtg. |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: 3/6/17 Time: 8:00 a.m. — 12:15 pm Location: 600 West Broadway | Ad Hoc Comm Interviews |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: 3/7/17 Time: 10:30 am — 2:30 pm Location: 600 West Broadway | Ad Hoc Comm mtg. Interview |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: 3/20/17 Time: 9:00 a.m. — 12:00 pm Location: Liberty Station | Closed Session Interviews Board Meeting |
| <input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: 3/27/17 Time: 9:00 a.m. — 11:30 a.m. Location: SDCRAA Bd Rm | Exec/Finance Comm mtgs Special Bd. Mtg. |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |

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

Signature: [Signature]

MICHAEL SCHUMACHER

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary

Period Covered: March 1st-March 31st 2017

SDCRAA

MAR 29 2017

Corporate & Information Governance

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

| BOARD MEMBER NAME: | | DATE: |
|---|--|---|
| Michael Schumacher | | |
| TYPE OF MEETING | DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING | SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 2, 2017 Time: 9:00 am Location: SDCRAA Office | Regular meeting |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 10, 2017 Time: 9:00 am Location: Admin offices | Board retreat |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 11, 2017 Time: 8:00 am Location: Tuskegee Room | Board retreat |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 20, 2017 Time: 9:00 am Location: 2640 Decatur Road | Special meeting - new CEO interviews |
| <input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: March 27, 2017 Time: 9:00 am Location: Admin Offices | Special meeting - appoint new CEO |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R | Date: Time: Location: | |

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

Signature: Michael Schumacher Digitally signed by Michael Schumacher
 Date: 2017.03.29 08:32:08 -07'00'

MARY SESSOM

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary
 Period Covered: March 2017

| |
|---|
| SDCRAA MAR 29 2017 Corporate & Information Governance |
|---|

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

| | | |
|---|--|--|
| BOARD MEMBER NAME: (Please print) | | DATE OF THIS REPORT: |
| MARY Sessom | | 3/29/17 |
| TYPE OF MEETING | DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING | SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: 3/2/17 Time: 9:00am Location: SDIA | Board/ALVC meeting |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: 3/10/17 Time: 10:00am Location: SDIA | Board Retreat |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: 3/11/17 Time: 8:30am Location: SDIA | Board Retreat |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: 3/20/17 Time: 9:00am Location: Liberty Station | Special Board Meeting |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: 3/27/17 Time: 9:00am Location: SDIA | Special Board Meeting Executive/Finance Comm Meeting |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: Time: Location: | |
| <input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R | Date: Time: Location: | |

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

Signature: _____

Mary Sessom

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Awarded Contracts, Approved Change Orders from February 6, 2017 through March 12, 2017 and Real Property Agreements Granted and Accepted from February 6, 2017 through March 12, 2017

Recommendation:

Receive the Report.

Background/Justification:

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

Fiscal Impact:

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

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

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

Authority Strategies:

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

- | | | | | |
|---|--|--|--|---|
| <input type="checkbox"/> Community Strategy | <input type="checkbox"/> Customer Strategy | <input type="checkbox"/> Employee Strategy | <input checked="" type="checkbox"/> Financial Strategy | <input checked="" type="checkbox"/> Operations Strategy |
|---|--|--|--|---|

Environmental Review:

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

Application of Inclusionary Policies:

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

Prepared by:

JANA VARGAS
DIRECTOR, PROCUREMENT

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN February 6, 2017- March 12, 2017

Amendments and Change Orders

| Date Signed | CIP # | Company | Description of Change | Owner | Previous Contract Amount | Change Order Value (+ / -) | Change Order Value (%) (+ / -) | New Contract Value | New End Date |
|-------------|-------|--------------------------------|--|-------------------------------------|--------------------------|----------------------------|----------------------------------|--------------------|--------------|
| 2/6/2017 | | Roger Buma | The First Amendment increases the total maximum compensation by \$30,000 to continue to perform services for On-Call Marketing Consulting Services at San Diego International Airport. | Vision, Voice and Engagement | \$49,999.00 | \$30,000.00 | 38% | \$79,999.00 | 3/15/2018 |
| 2/6/2017 | | Austin Faure Productions | The First Amendment extends the term of the agreements by six months and increases the total maximum compensation by \$30,000 to maintain continuity of services of video production for San Diego International Airport. | Vision, Voice and Engagement | \$48,950.00 | \$30,000.00 | 38% | \$78,950.00 | 7/14/2017 |
| 2/6/2017 | | Legge Lewis Legge LLC. | The Second Amendment decreases the total maximum compensation by \$318,150 as the scope of work was reduced for the Palm Street Park, Public Art Project at San Diego International Airport. | Vision, Voice and Engagement | \$500,000.00 | -\$318,150.00 | -64% | \$181,850.00 | 5/29/2017 |
| 2/9/2017 | | Leighfisher Inc. | The Seventh Amendment adds subconsultants and their rates to the Agreement for Airport Development Plan Services at San Diego County Regional Airport Authority. There is no increase in compensation. | Airport Development Plan Services | \$9,367,875.00 | \$0.00 | 0% | \$9,367,875.00 | 2/21/2020 |
| 2/21/2017 | | Culbertson, Adams & Associates | The First Amendment extends the term of the agreement by one year while continued coastal biological resources consulting is utilized at San Diego International Airport Authority. There is no increase in compensation. | Airport Planning & Noise Mitigation | \$49,000.00 | \$0.00 | 0% | \$49,000.00 | 5/24/2018 |
| 2/23/2017 | | Kathleen Kelly, Inc. | The Second Amendment extends the term of the agreement by one year to facilitate accountability workshops for personnel at San Diego County Regional Airport Authority. There is no increase in compensation. | Talent, Culture & Learning | \$35,000.00 | \$0.00 | 0% | \$35,000.00 | 3/6/2018 |
| 2/23/2017 | | Steer Davies & Gleave, Inc. | The Consent to Assignment Agreement assigns the agreement from ICF SH&E, Inc. to Steer Davies & Gleave, Inc. for Aviation Industry Consulting Services at San Diego International Airport. There is no increase in compensation. | Corporate & Information Governance | \$45,000.00 | \$0.00 | 0% | \$45,000.00 | 2/14/2019 |

Amendments and Change Orders

| | | | | | | | | | |
|----------|--|---------------------------------|---|----------------------------|-------------|-------------|-----|--------------|-----------|
| 3/3/2017 | | N.E. Fried and Associates, Inc. | The First Amendment increases the total maximum compensation by \$30,000 to cover the additional costs associated with the relaunching of the Leading at all Levels leadership training program for staff at San Diego County Regional Airport Authority. | Talent, Culture & Learning | \$40,000.00 | \$30,000.00 | 75% | \$70,000.00 | 8/14/2017 |
| 3/3/2017 | | Root Inc. | The First Amendment increases the total maximum compensation by \$9600 to pay for travel expenses and additional services Strategic Planning Consulting Services for the San Diego County Regional Authority Board. | Talent, Culture & Learning | \$96,000.00 | \$9,600.00 | 10% | \$105,600.00 | 8/23/2017 |

Amendments and Change Orders- Approved by the Board

| | | | | | | | | | |
|----------|--|--------------------|--|---------------------------------|-----------------|-----------------|-----|-----------------|------------|
| 3/2/2017 | | Swinerton Builders | The Second Amendment was approved by the Board at the at the June 13, 2016 Board Meeting. The Second Amendment (Guaranteed Maximum Price Amendment) decreases the maximum amount of compensation by \$2,013,252.00 and issues a final acceptance date for the Design-Build Terminal 2 Parking Plaza at San Diego International Airport. | Airport Design and Construction | \$99,778,597.00 | -\$2,013,252.00 | -2% | \$97,765,345.00 | 10/18/2018 |
|----------|--|--------------------|--|---------------------------------|-----------------|-----------------|-----|-----------------|------------|

Attachment "B"

REAL PROPERTY AGREEMENTS EXECUTED FROM FEBRUARY 6, 2017 through MARCH 12, 2017



Real Property Agreements

| Begin/End Dates | Authority Doc. # | Tenant/Company | Agreement Type | Property Location | Use | Property Area (s.f) | Consideration | Comments |
|--------------------|------------------|----------------------|------------------------|--|---|---------------------|------------------|----------|
| 1.1.17 to 12.31.21 | LE-0924 | SANDAG | Use & Occupancy Permit | Two separate locations (adjacent to Wing West and near T1 Parking lot) | Two public bike lockers for SAN passengers to utilize | 82 SF | N/A | N/A |
| 12.1.16 to 7.31.19 | LE-0921 | Morpho Detection LLC | Rental Agreement | 1st Floor, T2W, by Gate 38 | Administration Offices and storage of equipment | 92 SF | \$1,121.48/month | N/A |



Real Property Agreement Amendments and Assignments

| Effective Date | Authority Doc. # | Tenant/Company | Agreement Type | Property Location | Use | Property Area (s.f) | Consideration | Comments |
|-------------------|------------------|--|--|--|---|---------------------|---------------|----------|
| 9.1.06 to 8.31.17 | LE-0923 | Turner/PCL/Flatiron Construction Companies | 1st Amendment to Right of Entry Permit | Within an Easement on MCRD property (west side of the airport) | Access for repair of an Airport storm drain | N/A | N/A | N/A |

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Reject the Claim of Amanda Johnson

Recommendation:

Adopt Resolution No. 2017-0025 rejecting the claim of Amanda Johnson.

Background/Justification:

On February 13, 2017, Amanda Johnson filed a claim ("Attachment A") with the San Diego County Regional Airport Authority ("Authority") alleging that she sustained injuries when she fell as she transited the Transportation Safety Administration ("TSA") checkpoint in Terminal One at San Diego International Airport. Johnson claims damages in an unspecified amount for medical costs and missed work.

On January 24, 2017, Johnson arrived on a Southwest Airlines flight and disembarked at Gate 2. Her connecting Southwest Airlines flight departed from Gate 10, making it necessary to transit the TSA security checkpoint to reach her connecting flight. Johnson claims she tripped over a divider in her rush to get to her connecting gate, severely wounding both legs.

Johnson's claim should be denied. There is no claim of a dangerous condition. An investigation into the alleged incident revealed no notice of an unsafe or dangerous condition. The claimant states she was rushing to get through the area when she fell.

The General Counsel has reviewed the claim and recommends rejection.

Fiscal Impact:

Not applicable.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:

Not applicable.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL

SDCRAA

FEB 13 2017

Corporate & Information Governance

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

ACCIDENT OR DAMAGE CLAIM FORM

Please complete all sections.

Incomplete submittals will be returned, unprocessed.

Use a typewriter or print in ink.

CLAIM FORM SUBMITTED MUST HAVE AN ORIGINAL "WET" SIGNATURE

FOR AUTHORITY CLERK USE ONLY

Document No.: CL-280

Filed: 2/13/17

1) Claimant Name: AMANDA JOHNSON

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

6425 SAN STEFANO ST
CITRUS HEIGHTS, CA 95610

Telephone No.: 916.534.8662

Date: 2/2/17

3) Date and time of incident: 1/24/17

4) Location of incident: SAN DIEGO AIRPORT SECURITY AREA

5) Description of incident resulting in claim:

My husband and I flew in from Chicago on flight . We deplaned at gate B2. Unbeknownst to us we had minimal time AND had to go through TSA security despite having already gone through security at Midway Airport in Chicago. Our connecting flight was boarding at gate B10, on the other side of security. As we were rushing to get through the lines I tripped over one of the dividers and severely wounded both legs: scraped one leg from knee to ankle and gouged the other knee.

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

NA

7) Persons having firsthand knowledge of incident:

Witness (es)

Physician(s):

Name: Clemmie L. Johnson II

Name: Dr. Anna Petrovich

Address: 6425 San Stefano St.
Citrus Heights, CA 95610Address: 6555 Conle Ave
Carmichael, CA 95608

Phone: 916.893.6038

Phone: 916.536.3540

8) Describe property damage or personal injury claimed:

As stated in Question 5, my Right leg was scraped down the entire shin down which bled and had bleeding and bruising to the ankle. My left knee was impacted when it hit the floor; it was gonged - bleeding and sore to walk.

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

Pants bloodied = \$25

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

DR Appt and x-ray bills pending.
I missed three days of work at a rate of 10 hrs/day = \$220/day x 3 day = \$660 total

Dated: 2/2/17

Claimant:

Manda Johnson
(Signature)

Notice to Claimant:

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

Mail completed original form to:

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

RESOLUTION NO. 2017-0025

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY REJECTING THE CLAIM OF AMANDA
JOHNSON.

WHEREAS, on February 13, 2017, Amanda Johnson filed a claim with the San Diego County Regional Airport Authority ("Authority") for losses she claims to have suffered as the result of falling while transiting security in Terminal One at San Diego International Airport; and

WHEREAS, at its regular meeting on April 6, 2017, the Board considered the claim filed by Amanda Johnson and the report submitted to the Board, and found that the claim should be rejected.

NOW, THEREFORE, BE IT RESOLVED that the Board rejects the claim of Amanda Johnson; and

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at its regular meeting this 6th day of April, 2017, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Reject the Claim of Audra Markman

Recommendation:

Adopt Resolution No. 2017-0026 rejecting the claim of Audra Markman.

Background/Justification:

On February 27, 2017, Audra Markman filed a claim ("Attachment A") with the San Diego County Regional Airport Authority ("Authority") alleging that the escalator upon which she and her family were descending stopped abruptly and destroyed a flip flop being worn by her daughter in Terminal One at San Diego International Airport. Markman claims damages in the amount of \$100 to replace the flip flops.

On December 29, 2016, Markman and her family arrived on a Southwest Airlines flight in Terminal One and headed for baggage claim. Markman claims they were riding on the down escalator when it stopped for no apparent reason. At the same time, she claims the back of her daughter's flip flop was caught in the teeth of the escalator step.

Markman's claim should be denied. An investigation into the alleged incident revealed no notice of an unsafe or dangerous condition. It appears the escalator was working properly and stopped when the flip flop became wedged, preventing serious injury. The General Counsel has reviewed the claim and recommends rejection.

Fiscal Impact:

Not applicable.

Authority Strategies:

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

- | | | | | |
|---|--|--|---|---|
| <input type="checkbox"/> Community Strategy | <input type="checkbox"/> Customer Strategy | <input type="checkbox"/> Employee Strategy | <input type="checkbox"/> Financial Strategy | <input checked="" type="checkbox"/> Operations Strategy |
|---|--|--|---|---|

Environmental Review:

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

Application of Inclusionary Policies:

Not applicable.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
ACCIDENT OR DAMAGE CLAIM FORM

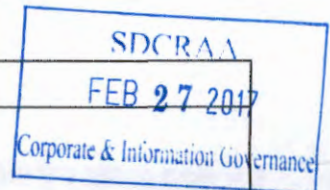
Please complete all sections.
Incomplete submittals will be returned, unprocessed.
Use a typewriter or print in ink.

CLAIM FORM SUBMITTED MUST HAVE AN ORIGINAL "WET" SIGNATURE

FOR AUTHORITY CLERK USE ONLY

Document No.: CL-281

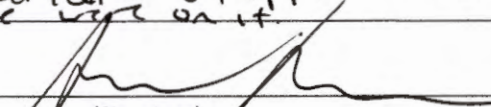
Filed: 2-27-17



| | |
|---|----------------------|
| 1) Claimant Name: <u>Audra Markman</u> | |
| 2) Address to which correspondence regarding this claim should be sent: <u>8801 Coral Satin Ct NE</u> <u>Albuquerque New Mexico 87122</u> | |
| Telephone No.: <u>917-670-3345</u> | Date: <u>2-21-17</u> |
| 3) Date and time of incident: <u>12/29/16 @ 8:30 p.m.</u> | |
| 4) Location of incident: <u>Escalator at San Diego Airport</u> | |
| 5) Description of incident resulting in claim: <u>My daughter was on the "down" escalator at the Southwest Terminal as the escalator abruptly came to a halt and the back of her Havana flip flop was stuck in the escalator & got completely "eaten" by the teeth of the escalator. This "G-d forbid" could've been the back of her heel. We informed the security at the bottom of the escalator & they didn't really seem to care at all. We are extremely upset & disappointed about the unresponsiveness of the employees at the airport.</u> | |
| 6) Name(s) of the Authority employee(s) causing the injury, damage or loss, if known: <u>ESCALATOR STOPPED ABRUPTLY FOR NO REASON.</u> | |
| 7) Persons having firsthand knowledge of incident: | |
| Witness (es) <u>Edward Markman</u> | Physician(s): |
| Name: | Name: |
| Address: <u>8801 Coral Satin Ct NE</u> | Address: |
| <u>Abq NM 87122</u> | |
| Phone: <u>917 670 2019</u> | Phone: |
| | |
| | |

| | |
|--|--|
| | |
| | |

Page 1 of 2

| |
|--|
| 8) Describe property damage or personal injury claimed: |
| My daughters foot could've gotten stuck in the escalator that abruptly stopped for no reason & her flip flop was completely destroyed. |
| 9) Owner and location of damaged property or name/address of person injured: |
| Jaden Markman 8801 Coral Sunset NE Abq NM 87122. |
| 10) Detailed list and amount of damages claimed as of date of presentation of claim, including prospective damages. If amount exceeds \$10,000.00, a specific amount need not be included. |
| \$100 pair of flip flops potential serious injury to my children as escalator stopped working while we were on it. |
| Dated: 2-21-17. Claimant:  |
| (Signature) |

Notice to Claimant:

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

Mail completed original form to:

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

Page 2 of 2

RESOLUTION NO. 2017-0026

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY REJECTING THE CLAIM OF AUDRA
MARKMAN.

WHEREAS, on February 27, 2017 Audra Markman filed a claim with the San Diego County Regional Airport Authority ("Authority") for losses she claims to have suffered as the result of her daughter's flip flop becoming wedged in the mechanism of an escalator in Terminal One at San Diego International Airport; and

WHEREAS, at its regular meeting on April 6, 2017, the Board considered the claim filed by Audra Markman and the report submitted to the Board, and found that the claim should be rejected.

NOW, THEREFORE, BE IT RESOLVED that the Board rejects the claim of Audra Markman; and

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at its regular meeting this 6th day of April, 2017, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Reject the Claim of Cal-a-Vie Spa

Recommendation:

Adopt Resolution No. 2017-0027 rejecting the Claim of Cal-a-Vie Spa.

Background/Justification:

On March 1, 2017, Cal-a-Vie Spa (“Cal-a-Vie”) filed a claim (“Attachment A”) with the San Diego County Regional Airport Authority (“Authority”). The claim alleges that the permit fees charged to Cal-a-Vie to operate its shuttle vans at the Airport “exceed the Authority’s constitutional, statutory and other authority.” Cal-a-Vie requests that the Authority refund the fees paid for the period 2014-2016 in an amount of \$98,235.79.

Prior to FY 2010, the Authority charged all ground transportation modes a flat fee of \$200. In 2008, the Authority entered into a Memorandum of Understanding with the California Attorney General (the “AG MOU”) wherein the Authority committed to working to reduce greenhouse gas (“GHG”) emissions from various airport-related sources, including commercial ground transportation providers. To meet the requirements of the AG MOU, the Authority adopted a Ground Transportation Vehicle Conversion Incentive Program (“Incentive Program”) to incentivize commercial ground transportation service providers operating at the Airport to convert their current vehicles to electric, alternative fuel vehicles (“AFV”) or to clean air vehicles (“CAV”). The goal of the Incentive Program is to convert 100% of the applicable commercial ground transportation vehicles operating at the Airport to CAV or AFV by 2017. The Incentive Program is applicable to all eligible airport-permitted commercial transportation operators. This includes taxicabs, TNCs, vehicles for hire, hotel/motel shuttles and off-airport parking shuttles. The ground transportation fees under the Incentive Program were implemented gradually and increased as time went on. The chart below demonstrates the phase-in of the fee:

| Base Fee | | | | | | | AFV ¹ | | | | | | | Non AFV Premium user fee | | | | | | |
|----------|----------|----------|---------|---------|---------|---------|------------------|----------|----------|----------|----------|----------------------|----------|-----------------------------|---------|-----------|-----------|-----------|-----------|-----------|
| FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 ² | FY 2017 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
| 25% | 50% | 75% | | | | | 100% | 100% | 100% | 100% | 25% | 25% | 25% | | | 0% | 0% | 25% | 50% | 75% |
| Phase in | Phase in | Phase in | | | | | Reduced | Reduced | Reduced | Reduced | Reduced | Reduced | Reduced | | | Increased | Increased | Increased | Increased | Increased |
| Cost | of Cost | of Cost | | | | | User Fee | User Fee | User Fee | User Fee | User Fee | User Fee | User Fee | | | User Fee | User Fee | User Fee | User Fee | User Fee |
| Recovery | Recovery | Recovery | | | | | | | | | | | | | | | | | | |
| \$300 | \$666 | \$1,232 | \$1,610 | \$2,010 | \$3,412 | \$4,476 | \$0 | \$0 | \$0 | \$0 | \$1,508 | \$2,559 | \$3,357 | \$300 | \$666 | \$1,232 | \$1,610 | \$2,513 | \$5,118 | \$7,834 |

In 2010, the Authority simultaneously adopted the Comprehensive Ground Transportation Management Plan (CGTMP) that included direction to recover ground transportation costs. Cost recovery under the CGTMP was phased in over 4 years from FY 2011. FY 2011 fees were set at twenty-five percent (25%) of the total annual allocated costs by mode; FY 2012 fees were set at fifty percent (50%) of the total annual allocated costs by mode; FY 2013 fees were set at seventy-five percent (75%) of the total annual allocated costs by mode; and fees for FY 2014 and each successive year were set at one hundred percent (100%) of the total annual allocated costs by mode.

After the adoption of the Incentive Program and the CGTMP in 2010 and continuing each year thereafter, the hotel/motel mode is apportioned a share of ground transportation costs based on its percentage of roadway use and other direct costs of the roadway system. This share has been approximately 2% of the total ground transportation costs at the Airport. The hotel/motel mode pays a per vehicle fee for the ability to enter upon and use Airport property for the purpose of conducting business.

From FY 2007 to FY 2010, before the Incentive Program was adopted, Cal-a-Vie paid \$200 per vehicle. Cal-a-Vie had 4 permitted vehicles during this time frame. In FY 2011, the first year of the Incentive Program and the CGTMP, the non-AFV hotel/motel mode paid \$300 per vehicle, which was only 25% of the base fee (the base fee is the per vehicle ground transportation costs apportioned to the hotel/motel mode). During this time period, Cal-a-Vie had 5 permitted non-AFVs. In FY 2012, the non-AFV hotel/motel mode paid \$666 per vehicle, which was only 50% of the base fee. Cal-a-Vie had 4 permitted non-AFVs during this time. In FY 2013, the non-AFV hotel/motel mode paid \$1,232 per vehicle which was 75% of the base fee. In FY 2014, the non-AFV hotel/motel paid mode was finally paying the total base fee of \$1,610 per vehicle. Cal-a-Vie had 6 non-AFVs during this time. In FY 2015, the non-AFV hotel/motel mode paid \$2,513 per vehicle, which included a 25% premium as part of the Authority's Incentive Program (hereafter "Incentive Premium"). During this period, Cal-a-Vie had 6 non-AFVs. In FY 2016, the non-AFV hotel/motel mode paid \$5,118 per vehicle, which included a 50% Incentive Premium. During this period, Cal-a-Vie had 3 non-AFVs. In FY2017, the non-AFV hotel/motel mode pays \$7,834 per non-AFV, which includes a 75% Incentive Premium. During this period, Cal-a-Vie has 7 permitted non-AFVs.

The increase in permit fees from FY 2010-FY to FY 2014 was due in large part to the phasing in of the fee by allowing the modes to pay only a fraction of actual cost recovery to the Authority. In addition, from FY 2015 to FY 2017, the fee for non-AFV was increased to incentivize the use of AFVs and CAVs at the Airport.

For FY 2017, Cal-a-Vie paid \$7,834 per vehicle for a total of \$54,838. The current permits expire on June 30, 2017. The permit fees paid by Cal-a-Vie are based on a cost recovery methodology and are consistent with the terms and conditions of the Permit signed by Cal-a-Vie. In addition, the Authority has the right to charge a fee for the entry onto and use of its property for a commercial purpose. Finally, the permit fee is paid pursuant to a negotiated contract between the Authority and Cal-a-Vie.

The General Counsel has reviewed the claim and recommends its rejection.

Fiscal Impact:

Not applicable.

Authority Strategies:

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

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

Environmental Review:

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

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

Application of Inclusionary Policies:

Not applicable.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL

BEWLEY LASSLEBEN & MILLER LLP

Legal Excellence Since 1888

13215 PENN STREET, SUITE 510, WHITTIER, CA 90602-1797 562.698.9771

JOSEPH A. VINATIERI, ESQ.

CALIFORNIA STATE AND LOCAL TAX GROUP

| | |
|----------------------|---------------------|
| JOSEPH A. VINATIERI | RICHARD L. DEWBERRY |
| JASON C. DEMILLE | MICHAEL T. LEBEAU |
| LEIGHTON M. ANDERSON | PATRICIA VERDUGO |

March 1, 2017

Via email to: aboling@san.org and lgehlken@san.org

Board Members

c/o C. April Boling, Board Chair

San Diego County Regional Airport Authority

P.O. Box 82776

San Diego, California 92138-2776

Re: San Diego County Regional Airport Authority – Refund of transportation fees

Dear Board Members of the San Diego County Regional Airport Authority:

Our firm represents Cal-a-Vie Spa, a health spa located in Vista, California (the “Company”). The Company has objected to the substantial increases in ground transportation fees assessed against it by the San Diego County Regional Airport Authority (the “Authority”). The Company requested and was denied a refund of these exorbitant fees by this Board. With this letter, on behalf of our client, we request that the Board reconsider the request and order the refund of those amounts that exceed the Authority’s constitutional, statutory and other authority.

BACKGROUND

On October 24, 2016, the Company sent an email to the Board members of the Authority objecting to the substantial increase in the amount of permit fees charged to commercial courtesy vehicles serving the San Diego International Airport (the “Airport”). The per vehicle fees increased steadily and significantly each year from \$200.00 in FY 2008-2009 to \$7,834.00 in FY 2016-2017, for a total increase of **3917.00%** over these eight years. As the Company has noted, the fees are excessive and abusive, appear to be arbitrary, and lack any connection to applicable law.

On October 24, 2016, the Company requested an audit of the fees and a refund of the excessive increases. On November 23, 2016, the Authority denied the Company’s request for an audit and refund. The Authority cited Public Utility Code §170064(b) as authorizing the Authority to adopt and enforce rules and regulations for the administration, maintenance, operation, and use of its facilities and services, and to adopt and charge fees, charges and rents for the use of the Airport. The Authority claimed that the fees are “based on the identifiable costs of operating the ground transport network at the Airport,” and that “[c]osts are allocated to

each group of users (modes) based on that mode's share of total trips or the direct benefit those modes receive for the benefit of the particular cost item i.e. those that actually use it."

As the Authority explained, most modes are charged a trip fee that is derived by dividing the mode's costs by the anticipated trips of the mode. The Hotel/Motel ground transportation fee, however, is calculated differently. For Hotels/Motels, that fee is calculated by dividing the hotel mode's allocated costs by the number of permitted vehicles in the hotel mode to derive a per vehicle fee. The per vehicle (permit) fee is charged equally to all operators irrespective of the trips they make to the airport.

Although the Authority asserts that "[t]he courtesy vehicle permit fees charged to Cal-a-Vie were in fact the same as those charged to all other courtesy vehicle operators," the Authority does not provide a justification for calculating fees for hotels differently from all other operators. The Authority also does not explain why the fee charged to hotels in 2008 (\$200.00 per vehicle) was increased so dramatically through 2016 (\$7,834.00 per vehicle). If the fees are based on the Airport's costs, the Authority would have to show that such costs increased by 3917% during that period. The Airport has provided no evidence that this is the case, and the Airport's financials evidence that this is not in fact the case. Furthermore, if only the Hotel fee increased to such an extent, then Hotels were discriminated against in the application and/or calculation of the fee.

The Authority has indicated that it is currently evaluating an alternative method for commercial vehicles to pay the required fees. With this action, the Authority appears to acknowledge that the fees are unreasonable and require further evaluation and change. As such, the Board should take good faith efforts to refund excess fees to its users and should not retain illegally assessed fees.

POSITION

The Authority does not have the legal authority to discriminate between two different users of the Airport or to increase fees from \$200.00 to \$7,834.00 per vehicle, an increase of 3917%, over eight years. There is no legal basis or authority for the exorbitant increase in fees imposed on the Company.

Therefore, on behalf of the Company, we request a refund of the fees paid by the Company for the 2014 through 2016 periods, totaling \$98,237.59, which is \$100,624.00¹ less \$2,386.41 of reasonable fees for that period (\$3.77/trip * 211 trips * 3 years), as determined under the Authority's proposed new fee schedule of \$3.77 per trip for non-alternative fuel vehicles multiplied by 211 annual trips by the Company (based on available trip information on GateKeeper).

ARGUMENT

Similar to Proposition 218 requirements, the Authority is required to limit such fees to the costs of operating the ground transport network at the Airport and is required to allocate such

¹ The Company has paid \$100,624 from 2014 through 2016 (\$15,078 for 2014, \$30,708 for 2015 and \$54,838 for 2016).

fees in accordance with the payor's use of the ground transport network. The Authority has conceded this point in its letter to the Company, dated November 23, 2016.

Despite this requirement, the Authority has not shown that the fees meet these two requirements. Furthermore, it seems unlikely that the costs of such ground transport network have increased over the past eight years by 3917%. Certainly, the fee imposed on the Company is not commensurate with the Company's limited use of such service. As such, the fee appears to be illegally assessed.

Moreover, the Authority has claimed that the fee is intended to comply with the Authority's MOU with the Attorney General regarding replacing shuttle vehicles with electric or alternative fuel vehicles. However, we have been unable to find such a requirement in the MOU. Instead, the MOU provides for the implementation of an "incentive-based program" to induce operators of shuttle services to switch to electric or alternative fuel vehicles, or, in the alternative, the imposition of a requirement on such shuttle operators to make the switch. The MOU does not authorize unconstitutional or exorbitant fees on operators. Neither does the MOU authorize the Authority to charge fees in excess of the cost of operating the ground transport network.

In its November 23, 2016, letter to the Company, the Authority stated that the refund is not necessary because the Company agreed to pay (and in fact paid) the per vehicle permit fee and not the per trip fee. The Authority stated that the Company signed the applications for their permits that set forth the fees and such signature and continued operation requires the Company to comply with the terms of the permit, including payment of the fees. However, no contract or permit could have waived the Constitutional, statutory, and other requirements applicable to the Authority, which is what the Authority appears to imply. In other words, the Company's payment of the fee should not and cannot be construed as a waiver of its right to challenge an unconstitutional or illegal fee.

In summary, the burden is on the Authority to show that the fees do not exceed the reasonable costs of the services and that they are allocated in accordance with the benefits to the user. Therefore, on behalf of the Company, we request a refund of the fees paid by the Company for the 2014 through 2016 periods, totaling \$98,237.59, which is \$100,624.00 less \$2,386.41 of reasonable fees for that period (\$3.77/trip * 211 trips * 3 years). Thank you for your time and consideration.

Sincerely,

BEWLEY, LASSLEBEN & MILLER, LLP

JOSEPH A. VINATIERI, ESQ.

Direct Line: 562.907.2037

Direct Fax: 562.309.8158

e-mail: joseph.vinatieri@bewleylaw.com

RESOLUTION NO. 2017-0027

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY REJECTING THE CLAIM OF CAL-A-
VIE SPA

WHEREAS, on March 1, 2017, Cal-a-Vie Spa filed a claim with the San Diego County Regional Airport Authority alleging that the permit fees charged to Cal-a-Vie to operate at the Airport “exceed the Authority’s constitutional, statutory and other authority.” Cal-a-Vie requests that the Authority refund fees paid for the period 2014-2016 in an amount of \$98,235.79; and

WHEREAS, at its regular meeting on April 6, 2017, the Board considered the claim filed by Cal-a-Vie Spa and the report submitted to the Board, and found that the claim should be rejected.

NOW, THEREFORE, BE IT RESOLVED that the Board rejects the claim of Cal-a-Vie Spa; and

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at its regular meeting this 6th day of April, 2017 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Approve and Authorize the President/CEO to Execute an Agreement with Frasca & Associates, LLC for Financial Advisory Services

Recommendation:

Adopt Resolution No. 2017- 0028, approving and authorizing the President/CEO to execute an agreement for Financial Advisory Services with Frasca & Associates, LLC for a term of three (3) years with two (2) one-year options to extend the term with a maximum amount payable not-to-exceed \$2,500,000

Background/Justification:

The Authority requires the services of a financial advisory firm to serve as a key independent advisor with regard to the Authority's financial matters. The selected firm will provide a broad range of financial advisory services to the Authority including assistance with:

- Development of Funding Plans and Financial Projections
- Financial Guidance and Advice
- Passenger Facility Charge and Grant Applications
- Issuance of Additional Airport System Revenue Bonds
- Rating Agency and Bond Insurer Relations
- Debt Issuance
- Development of Public Private Partnership's Opportunities
- Special Projects and Analysis
- Airline and Other Tenant Negotiations

Accordingly, in January 2017 Authority staff issued a Request for Proposals (RFP) for Financial Advisory Services. 56 firms viewed the proposal; two proposals were received on February 10. The two respondents, Frasca and Associates, LLC; and PFM Financial Advisors, LLC were invited for interviews which were conducted on March 8, 2017.

3 Panel members from Financial Planning and 1 from Business Planning evaluated the firms' proposals and interviews, considering Airport experience, primary staff capabilities, proposed work plan, and cost/fees. Panel members' scores were then summed for each criterion and the firms were ranked by total score (with the highest total score being ranked first). The final scoring matrix from the Panel is as follows:

| Combined Scores | SB Preference | Cost / Fees | Firms' Airport Experience | Primary Staff Capabilities | Proposed Work Plan and Approach/Meth odology | Total |
|-----------------------------|------------------|----------------|---------------------------------|----------------------------------|---|-------|
| Frasca & Associates, LLC | 0 | 420 | 1170 | 1140 | 975 | 3705 |
| PFM Financial Advisors, LLC | 0 | 600 | 960 | 990 | 725 | 3275 |

Frasca & Associates, LLC is a financial advisory and consulting firm with specialty expertise in assisting airports in bond issuance, strategic business planning, the successful implementation of their capital development programs, lease negotiation for facilities with airlines and other airport tenants, and developing public/private partnerships. The firm is also nationally recognized as an expert in the structure and evaluation of complex credits involving airline special facilities, project financings and general revenue financings at airports. Frasca & Associates, LLC has advised on 98 airport transactions totaling more than \$36 billion since its founding in 1997, and has been the #1 rated airport financial advisory firm since 2010. The Firm has served the Authority since 2003.

The professionals at Frasca & Associates, LLC have more than 250 years of collective airport experience and are uniquely comprised of staff with diverse backgrounds including former investment bankers, financial advisors, lawyers, feasibility consultants and airport finance managers. The result is a comprehensive view of the issues, from a capital markets, operations, and a business development perspective.

Fiscal Impact:

Sufficient funds for the FY 2017 and FY 2018 expenses anticipated under this contract are included within: 1) the Financial Planning and Budget Department's FY 2017 and FY 2018 operating budget in the "services – other professional" line item; 2) the "amortization – cost of issuance" line item of Debt Service for Debt issuance; and 3) included in the capital budget of projects within the approved five year Capital Plan for Public/Private Partnership associated costs. Expenses anticipated under this contract beyond FY 2018 will be included in future proposed budgets.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:

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

This contract does not utilize federal funds and provides limited opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses. Policy 5.12 provides a preference of up to five percent (5%) to small businesses in the award of selected Authority contracts. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$200,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance to Policy 5.12, the recommended firm Frasca & Associates, LLC did not receive the small business preference.

Prepared by:

SCOTT BRICKNER
VICE PRESIDENT FINANCE & ASSET MANAGEMENT/TREASURER

RESOLUTION NO. 2017-0028

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT FOR FINANCIAL ADVISORY SERVICES WITH FRASCA & ASSOCIATES, LLC FOR A TERM OF THREE (3) YEARS WITH TWO (2) ONE-YEAR OPTIONS TO EXTEND THE TERM WITH A MAXIMUM AMOUNT PAYABLE NOT-TO-EXCEED \$2,500,000

WHEREAS, the Authority has a continuing need for financial advisory services; and

WHEREAS, the Authority released a Request for Proposals ("RFP") in January, 2017 to obtain the services of a qualified firm to perform financial advisory services for the Authority; and

WHEREAS, the Authority received two (2) proposals in response to the RFP; and

WHEREAS, the Authority's evaluation panel, after reviewing the proposals and interviewing the firms, recommend awarding an agreement for financial advisory services to Frasca & Associates LLP; and

WHEREAS, the Board determines that awarding the agreement to Frasca & Associates LLP is in the best interest of the Authority.

NOW THEREFORE, BE IT RESOLVED that the Board hereby approves the award of an agreement with Frasca & Associates, LLC for financial advisory services and authorizes the President/CEO to take all necessary actions to execute the agreement; and

BE IT FURTHER RESOLVED that said agreement shall have a term of three (3) years with two (2) one-year options to renew that are exercisable at the discretion of the President/CEO and a compensation amount that shall not exceed two million five hundred thousand dollars (\$2,500,000); and

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

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a "project" as defined by the California Environmental Quality Act (CEQA) Pub. Res. Code Section 21605; and is not a "development" as defined by the California Coastal Act Pub. Res. Code Section 30106; and

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of April, 2017, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL



SAN DIEGO
INTERNATIONAL AIRPORT
LET'S **GO.**

San Diego County Regional Airport Authority

**Approve & Authorize the President/CEO to
Execute an Agreement with Frasca &
Associates, LLC for Financial Advisory Services**

Presented by:
John Dillon, *Director Financial
Management*

Agenda

- Background
- Selection Criteria
- Request for Proposal Results
- Actions

Background

The Authority utilizes the services of a financial advisory firm to serve as a key independent advisor with regard to the Authority's financial matters.

The financial advisory services include:

- Development of Funding Plans & Financial Projections
- Financial Guidance & Advice
- Passenger Facility Charge & Grant Applications
- Issuance of Airport System Revenue Bonds and Special Facility Bonds
- Rating Agency Relations
- Assistance with Public Private Partnership Opportunities

Background

In January 2017, Authority staff issued a Request for Proposals (RFP) for Financial Advisory Services.

2 responses were received from the following firms:

- Frasca & Associates (Frasca)
- PFM Financial Advisors (PFM)

Selection Criteria

The Evaluation Panel used the following criteria:

Airport Experience

- Demonstration of prior experience with projects of similar scope and complexity

Primary Staff Capabilities

- Demonstration of competence and experience of the firm's personnel responsible for performing the work and providing services.

Selection Criteria

Proposed Work Plan and Approach/Methodology

Understanding of the project scope, the Authority's objectives, and the proposed approach for providing the required services.

Compensation/Fees

- Providing the most economical services possible while maintaining a high quality of work product with prudent and innovative financial advice.

Request for Proposal Results

Panel members' scores were summed for each criterion & the firms ranked by total score (highest score ranked first):

| Evaluation Criteria | Cost/Fees | Airport Experience | Primary Staff Capabilities | Work Plan | Total | Final Rank |
|----------------------------|------------------|---------------------------|-----------------------------------|------------------|--------------|-------------------|
| FRASCA | 420 | 1170 | 1140 | 975 | 3705 | 1 |
| PFM | 600 | 960 | 990 | 725 | 3275 | 2 |

Recommended Firm - Frasca & Associates

Frasca & Associates, LLC is a financial consulting firm with the following credentials:

- Specialized expertise in assisting airports in strategic business planning
- Successful implementation of airport capital development programs
- Specialize in lease negotiation for facilities with airlines & other airport tenants
- Developing public/private partnerships

Recommended Firm – Frasca & Associates

Frasca & Associates, LLC is also nationally recognized as an expert in the structure and evaluation of:

- Complex credits involving airline special facilities
- Project financings
- General revenue financings at airports

Accolades:

- Ranked #1 financial advisor since 2010 for airport issuance with 39% market share in 2016
- Serve over 40 Airports including the Authority since 2003

Recommendation and Requested Actions

- Adopt Resolution No. 2017-_____, approving and authorizing the President/CEO to execute an agreement for financial advisory services to Frasca & Associates for a term of three years with two additional one-year options to extend the term with a maximum amount payable not-to-exceed \$2,500,000

Questions



STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Authorization of a Subordinate Revolving Drawdown Bond Program with RBC Capital Markets, LLC of up to \$100,000,000 and an Extension of an Amendment to the Existing US Bank \$125,000,000 Revolving Credit Agreement.

Recommendation:

Adopt Resolution No. 2017-0029 reauthorizing revolving line of credit in an aggregate principal amount not to exceed \$125,000,000 outstanding at any one time and approving a first amendment to revolving credit agreement and certain other matters; and authorizing the issuance and/or incurrence of San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds from time to time in the form of a revolving drawdown bond program in an aggregate principal amount not to exceed \$100,000,000 outstanding at any one time, and approving a Fourth Supplemental Subordinate Trust Indenture, a Bondholder's Agreement, a Bond Purchase Agreement, and certain documents and matters related to the subordinate drawdown bonds.

Background/Justification:

The Authority currently utilizes a U.S. Bank National Association ("US Bank") Revolving Line of Credit ("Revolver") to provide a variable rate component in its debt portfolio and, when required, to provide an interim capital funding source. The Revolving Credit Agreement has capacity of \$125 million and will expire on September 4, 2017. The revolving line of credit replaced the \$250 Million Commercial Paper ("CP") program that was in place during the Green Build.

Currently, the Authority has \$56.7 million of outstanding revolving obligations

- \$24.2 million (Non-AMT) of revolving obligations that funded Parking Plaza construction. It is anticipated that this balance will increase as construction continues but will be refinanced with General Airport Revenue Bonds (GARB) in the Summer of 2017
- \$16.8 million (AMT) of revolving obligations that funded various capital projects and which are currently being amortized through 2030
- \$15.7 million (Taxable) of revolving obligations that defeased the Series 2005 Bonds and which are being amortized through 2019

The Authority has determined that it is necessary to maintain a variable rate debt program and interim capital funding vehicle. Staff estimates that the required capacity needs of the variable rate debt program over the next three years will be \$225 million. This includes consideration of:

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- Interim funding of the Parking Plaza prior to the 2017 Bond issuance
- Interim funding of the FIS Development prior to a Bond issuance
- Potential interim funding of FY18-FY22 Capital Improvement Plan
- Continuing amortization of \$16.8 million AMT and \$15.7 million Taxable Revolving Obligations (referenced above)

A Request for Proposals (“RFP”) for a short-term borrowing facility (i.e., CP program, revolving credit agreements and fixed or variable bank loans) was issued in November 2016. Twenty-six firms viewed the RFP opportunity and 10 proposals were received on December 14, 2016.

The evaluation panelists’ rankings and combined scores of the CP programs and revolving credit agreements are presented below:

| Final Rankings | Panelist 1 | Panelist 2 | Panelist 3 | Panelist 4 | Total | Rank |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------|-------------|
| Bank of America Merrill Lynch | 4 | 4 | 4 | 4 | 16 | 4 |
| Barclays Bank PLC | 7 | 7 | 7 | 7 | 28 | 7 |
| BMO Harris Bank NA | 6 | 6 | 6 | 6 | 24 | 6 |
| Citigroup | 9 | 9 | 9 | 9 | 36 | 9 |
| Jefferies LLC | 3 | 3 | 3 | 3 | 12 | 3 |
| JPMorgan | 8 | 8 | 8 | 8 | 32 | 8 |
| RBC Capital Markets, LLC | 2 | 2 | 2 | 2 | 8 | 2 |
| Sumitomo Mitsui Banking Corporation | 5 | 5 | 5 | 5 | 20 | 5 |
| US Bank | 1 | 1 | 1 | 1 | 4 | 1 |

Staff is requesting the Board waive the requirement to interview respondents as evaluations were based upon the very detailed term sheets submitted by the financial institutions. The detailed terms sheets included information relating to the commitment amount, pricing, downgrade pricing, maturity, term-out conditions, legal fees, drawdown conditions and certain other terms. Bids for fixed or variable bank loans were not ranked after Staff determined that these options would not be pursued based on the favorable rates obtained on the revolving credit bids.

Staff has negotiated with the top two respondents: US Bank and RBC Capital Markets, LLC:

US Bank Revolver

Final terms include an amendment to the current credit agreement with US Bank, the highest ranking respondent. The Revolver will continue to be a Subordinate Obligation (as defined in the Master Subordinate Indenture) of the Authority.

Principal Agreed Terms:

- Capacity: \$125,000,000 (unchanged from current agreement)

- Tax Exempt pricing: 75% of 1 month Libor + 42 basis points spread (unchanged from current agreement)
- Taxable pricing: 1 month Libor + 60 basis points spread (unchanged from current agreement)
- Unutilized Pricing : 30 basis points (decrease of 7 basis points)
- Three year term

Note that the Tax Exempt spread would adjust upwards in the event of a reduction in the Maximum Federal Corporate Tax rates in order to accommodate for the bank's reduced tax benefit.

The First Amendment to Revolving Credit Agreement (Attachment 1) is attached along with the original Revolving Credit Agreement (Attachment 2) dated September 1, 2014.

RBC Capital Markets Drawdown Bond Program

Final terms have been agreed with RBC Capital Markets, LLC (RBCCM) for a subordinate Revolving Drawdown Bond ("RDB") Program.

An RDB is RBCCM's version of a tax-exempt revolving line of credit, in municipal bond form, to be used as a source of funds for capital projects. It offers phased financing, on a revolving basis, for a period of 3 years at a variable rate cost of funds. Similar to the Revolver, the RDB program is *a contractual commitment of RBCCM to provide the Airport with funds upon request*. Whereas the Revolver is in the form of a committed loan, an RDB is a commitment to purchase tax-exempt bonds at a set interest rate (variable index + spread).

The Airport would "draw down" proceeds under the RDB program over time, thereby mitigating negative arbitrage and reducing overall debt service during the interim financing period (assuming short-term rates remain below long-term fixed rates). In an RDB Program, the Airport's overall financing cost will be based on a combination of a Drawdown interest rate (SIFMA + Applicable Spread) on the par amount of Bonds outstanding (i.e., drawn amount), plus an Unutilized Fee on the unused portion of the facility.

Note that the Drawdown interest rate would adjust upwards in the event of a reduction in the Maximum Federal Corporate Tax rates in order to accommodate for the bank's reduced tax benefit.

RBCCM would purchase the Bonds from the Authority and then sell the Bonds to its affiliate, RBC Municipal Products LLC (RBCCMP). RBCCMP retains all credit risk and control rights of the Bonds, and consolidates the Bonds onto the balance sheet of Royal Bank of Canada or utilizes the Bonds in a tender option bond program. Royal Bank of Canada also provides credit protection to investors of the tender option bond program.

Principal Agreed Terms:

- Capacity: \$100,000,000
- Non-AMT Pricing: SIFMA (a 7-day high-grade market index comprised of tax-exempt Variable Rate Demand Obligations)+ 57 basis point spread
- AMT Pricing: SIFMA + 64 basis point spread
- Unutilized Pricing: 22.5 basis points
- Three year term

The draft Bond Purchase Agreement with RBCCM, the draft Bondholder's Agreement with RBCMP and the draft Fourth Supplemental Subordinate Trust Indenture are attached.

The Bond Purchase Agreement (attachment 3) sets forth the contractual commitment of RBCCM to purchase the Bonds under the RDB program at rates established in the Fourth Supplemental Subordinate Trust Indenture.

The Bondholder's Agreement (attachment 4) sets forth the key terms including the three year term, \$100 million commitment, the Authority's payment obligations, the security and pledge of subordinate net revenues with respect to the payment of the Bonds and the other obligations of the Authority under the RDB program, the covenants and representations of the Authority and the events of default and remedies with respect to the RDB program.

The Fourth Supplemental Subordinate (attachment 5) Trust Indenture by and between the Authority and the Subordinate Trustee (US Bank) is the financing document that will set forth the general terms of the Bonds, including, among other things, the pricing, a pledge of subordinate net revenues to repay any obligations arising under the RDB program, the redemption and repayment provisions and the establishment of certain funds and accounts.

Upon adoption of the attached Resolution No. 2017-XXXX, the Board will be approving the following:

1. Revolving Credit Variable Rate Program
The incurrence of Subordinate Obligations in the form of the revolving line of credit from US Bank in an aggregate principal amount not to exceed \$125,000,000 outstanding at any one time and a Flexible Drawdown Bond program from RBC Capital Markets in an aggregate principal amount not to exceed \$100,000,000 to provide an interim funding source for future capital projects
2. Extension of and Amendment to the US Bank Revolving Line of Credit
Authorization for the President/CEO to execute an Amendment to the existing Revolving Credit Agreement with US Bank to reflect the agreed terms and extend the credit commitment for 3 years

3. Bond Purchase Agreement with RBCCM, Bondholder's Agreement with RBCMP and Fourth Supplemental Subordinate Indenture with Subordinate Trustee and Authorization for the President/CEO to execute these agreements with RBCCM, RBCMP and Subordinate Trustee reflecting the agreed terms
4. Additional authorization is granted for the President/CEO to (a) negotiate and execute an extension to the US Bank Revolver for up to three years with the same or advantageous financial terms and provisions, and (b) negotiate and execute and extension to the RBC RDB program for up to three years with the same or advantageous financial terms and provisions.

Fiscal Impact:

The Revolver and the RDB will provide variable rate borrowing facilities and an interim funding source for future capital projects. The costs of issuance related to both the RDB and the amendment to the revolving line of credit will be included in FY 17 in non-operating costs as part of the interest expense line item. Future interest costs and the other fees payable by the Authority under the Revolver and the RDB will be included in the upcoming FY 2018 and FY 2019 conceptual budget and plan of finance within the Interest Expense Line item. FY 2020 costs will be included in future budget requests.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:

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

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

In accordance to Policy 5.12, the recommended firms, US Bank and RBC Capital Markets, received 0% small business preference.

Prepared by:

SCOTT BRICKNER
VICE PRESIDENT FINANCE & ASSET MANAGEMENT/TREASURER

FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT

This FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT (this “*Amendment*”) is dated [March __, 2017] (the “*Amendment Date*”), by and between the SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, a local government entity of regional government with jurisdiction extending throughout the County of San Diego, organized and existing under the laws of the State of California (the “*Authority*”), and U.S. BANK NATIONAL ASSOCIATION (the “*Lender*”). All capitalized terms herein and not defined herein shall have the meanings set forth in the hereinafter defined Agreement.

WITNESSETH

WHEREAS, the Authority and the Lender have previously entered into that certain Revolving Credit Agreement dated as of September 1, 2014 (as amended, supplemented or otherwise modified to the date hereof, the “*Agreement*”);

WHEREAS, pursuant to Section 11.2 of the Agreement, the Agreement may be amended by a written amendment thereto executed by the Authority and the Lender; and

WHEREAS, the Authority has requested that certain amendments be made to the Agreement, and the Lender has agreed to make such amendments to the Agreement subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

SECTION 1. AMENDMENTS.

Upon the satisfaction of the conditions precedent set forth in Section 2 hereof, the Agreement is hereby amended as follows:

1.01. The following definitions contained in Section 1.01 of the Agreement are hereby amended and restated in their entireties to read as follows:

“*Commitment Expiration Date*” means [March __, 2020]¹.

“*LIBOR*” means, as of any Computation Date, the rate of interest per annum for United States Dollar deposits in the London Interbank Market, as quoted by the Lender from Reuters Screen LIBOR01 Page or any successor thereto, which shall be that one-month LIBOR rate in effect two New York Banking Days prior to the related Advance Date or the Rate Reset Date, as the case may be, such rate to be reset

¹ Such date to be three years from the effective date of this amendment.

monthly on each Rate Reset Date. If for any reason such LIBOR is illegal, unavailable and/or the Lender is unable to determine the Taxable LIBOR Rate or the Tax-Exempt LIBOR Rate, as applicable, for any Interest Period, then the Lender and the Authority shall reach agreement to: (a) select a replacement index based on the arithmetic mean of the quotations, if any, of the interbank offered rate by first class banks in London or New York for deposits with comparable maturities or (b) deem the LIBOR to be a rate per annum equal to the Lender's Federal Funds Rate plus an agreed upon margin as of the first day of any Interest Period for which such LIBOR is unavailable or cannot be determined; *provided that*, if for any reason the Lender and the Authority fail to reach agreement as to the selection of (a) or (b), the LIBOR shall be deemed to be a rate per annum equal to the Lender's Federal Funds Rate as of the first day of any Interest Period for which such LIBOR is unavailable or cannot be determined plus the Tax-Exempt Applicable Spread or Taxable Applicable Spread, as applicable. The Lender's internal records of applicable interest rates shall be determinative in the absence of manifest error. Notwithstanding anything to the contrary, if LIBOR as determined as provided above would be less than zero percent (0.0%), then LIBOR shall be deemed to be zero percent (0.0%).

1.02. Section 2.6(a) of the Agreement is hereby amended and restated in its entirety to read as follows:

(a) *Commitment Fees.* The Authority agrees to pay to the Lender on [March __, 2017]², for the period from and including March 1, 2017 to but not including [March __, 2017]³, and in arrears on the first Business Day of each month thereafter and on the Commitment Expiration Date or such earlier date on which the Commitment may be terminated in accordance with the terms of the Agreement, a nonrefundable annual fee (the "*Commitment Fee*") for each monthly period, in an amount equal to the product of the the number of basis points set forth in the Level associated with the lowest Authority Rating as set forth in the schedule (the "*Commitment Fee Rate*") below multiplied by the daily Available Commitment during each related period:

(i) For the period commencing on March 1, 2017, to but not including [March __, 2017]⁴, the Commitment Fee Rate for such period shall be determined in accordance with the pricing matrix set forth below:

| Authority Rating | Commitment Fee Rate basis points (%) |
|------------------|--|
|------------------|--|

² Such date to be the date hereof.

³ Such date to be the date hereof.

⁴ Such date to be the date hereof.

| Authority Rating | | | | Commitment Fee Rate basis points (%) |
|-------------------------|----------------|----------------|--------------|---|
| | Moody's | S&P | Fitch | |
| Level I | A2 or above | A or above | A or above | 37 bps (0.37%) |
| Level II | A3 | A- | A- | 52 bps (0.52%) |
| Level III | Baa1 | BBB+ | BBB+ | 77 bps (0.77%) |
| Level IV | Baa2 | BBB | BBB | 127 bps (1.27%) |

(ii) For the period commencing on [March __, 2017]⁵ and at all times thereafter, the Commitment Fee Rate shall be determined in accordance with the pricing matrix set forth below:

| Authority Rating | | | | Commitment Fee Rate basis points (%) |
|-------------------------|----------------|----------------|--------------|---|
| | Moody's | S&P | Fitch | |
| Level I | A2 or above | A or above | A or above | 30 bps (0.30%) |
| Level II | A3 | A- | A- | 45 bps (0.45%) |
| Level III | Baa1 | BBB+ | BBB+ | 70 bps (0.70%) |
| Level IV | Baa2 | BBB | BBB | 120 bps (1.20%) |

Any change in the Commitment Fee resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating. The Commitment Fee shall be calculated on the basis of 360-day year and actual days elapsed. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a “*global*” rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. In the event that any Authority Rating is suspended, withdrawn, or otherwise unavailable from any Rating Agency, or if any Authority Rating is reduced below “Baa2,” “BBB” or “BBB” by any of Moody’s, S&P or Fitch, respectively, or upon the occurrence of and during the continuance of

⁵ Such date to be the date hereof.

an Event of Default, in each such case the Commitment Fee Rate shall increase automatically by an additional 100 bps (1.00%) per annum above the Commitment Fee Rate otherwise in effect, without notice to the Authority.

1.03. Section 2.6(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

(b) *Termination or Reduction Fee.* The Authority shall pay to the Lender a Reduction Fee or Termination Fee, as applicable, in connection with each permanent reduction or termination of the Available Commitment or Commitment pursuant to Section 2.7 hereof prior to [March __, 2018]⁶, in an amount equal to the Reduction Fee or Termination Fee, as applicable, payable on the date of such termination or each such reduction.

1.04. The reference in Section 8.15 of the Agreement to “Section 5.05” of the Master Subordinate Trust Indenture is hereby replaced with “Section 5.04”.

1.05. The reference in Section 10.2(i) of the Agreement to “Section 10.1(h)” therein is hereby replaced with “Section 10.1(g)”.

1.06. Article XI is hereby amended and by the addition of a new Section 11.12 thereto to read as follows:

Section 11.12. No Fiduciary Relationship. The Authority acknowledges and agrees that its dealing with the Lender are solely in the nature of a debtor/creditor relationship and that in no event shall the Lender be considered to be a partner or joint venturer of the Authority. Also, the Authority represents and warrants that it has independently evaluated the business transaction and has not relied upon, nor will it rely upon, the expertise, advice or other comments or statements of the Lender (including agents of the Lender), if any, in deciding to pursue such undertaking. As the Authority is experienced in business, in no event shall the Lender owe any fiduciary or similar obligations to it in connection with the subject transaction.

SECTION 2. CONDITIONS PRECEDENT.

This Amendment shall be effective as of the Amendment Date subject to the satisfaction of or waiver by the Lender of all of the following conditions precedent:

2.01. Delivery by the Authority to the Lender of an executed counterpart of this Amendment.

⁶ Such date to be one year from the date hereof.

2.02. Receipt by the Lender of the authorizing resolution or resolutions of the Board of the Authority approving this Amendment and the other matters contemplated hereby and thereby.

2.03. Receipt by the Lender of a closing certificate executed by the Authorized Authority Representatives and the Designated Representatives certifying the names and signatures of the persons authorized to execute and deliver, on behalf of the Authority, this Amendment and the other matters contemplated hereby, in form and substance satisfactory to the Lender.

2.04. Receipt by the Lender of a no adverse effect opinion of bond counsel, in form and substance satisfactory to the Lender.

2.05. Payment to the Lender on or before the Amendment Date of an amendment fee in the amount of \$2,500, and the reasonable legal fees and expenses of counsel to the Bank.

2.06. All other legal matters pertaining to the execution and delivery of this Amendment shall be reasonably satisfactory to the Lender and its counsel.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY.

3.01. The Authority hereby represents and warrants that the following statements are true and correct as of the Amendment Date:

(a) the representations and warranties of the Authority contained in Article VII of the Agreement and in each of the other Related Documents are true and correct on and as of the Amendment Date as though made on and as of such date (except to the extent that any such representations and warranties expressly relate to an earlier date);

(b) no Default or Event of Default has occurred and is continuing or would result from the execution of this Amendment; and

(c) no petition by or against the Authority has at any time been filed under the United States Bankruptcy Code or under any similar law.

3.02. In addition to the representations given in Article VII of the Agreement, the Authority hereby represents and warrants as follows:

(a) The execution, delivery and performance by the Authority of this Amendment and the Agreement, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the Authority;

(b) no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution,

delivery and performance by the Authority of this Amendment or the Agreement, as amended hereby; and

(c) this Amendment and the Agreement, as amended hereby, constitute legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except that (i) the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, as the same may be applied in the event of the bankruptcy, reorganization, insolvency, liquidation or similar situation of the Authority, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

SECTION 4. MISCELLANEOUS.

4.01. Except as specifically amended herein, the Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in any note, document, agreement, letter, certificate, the Agreement or any communication issued or made subsequent to or with respect to the Agreement, it being hereby agreed that any reference to the Agreement shall be sufficient to refer to, and shall mean and be a reference to, the Agreement, as hereby amended. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

4.02. This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the Amendment Date.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____

Name: Scott Brickner

Title: Vice President Finance and Asset
Management and Treasurer

Attest:

By: _____

Name: Tony R. Russell

Title: Director, Corporate and Information
Governance/Authority Clerk

Approved as to form:

By: _____

Name: Amy Gonzalez

Title: General Counsel

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: Kenneth Haber

Title: Senior Vice President

REVOLVING CREDIT AGREEMENT

dated as of September 1, 2014

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION

Relating to
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS
SERIES A (NON-AMT)
SERIES B (AMT)
AND
SERIES C (TAXABLE)

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REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT, dated as of September 1, 2014 (this "*Agreement*"), is entered into by and between the SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, a local government entity of regional government with jurisdiction extending throughout the County of San Diego, organized and existing under the laws of the State of California (the "*Authority*") and U.S. BANK NATIONAL ASSOCIATION and its successors and permitted assigns (the "*Lender*").

RECITALS

WHEREAS, the Authority wishes to obtain revolving lines of credit (the "*Lines of Credit*") from the Lender hereunder and the Lender is willing, upon the terms and subject to the conditions set forth below, to provide the Lines of Credit to the Authority to pay Costs of a Project (as defined herein), costs of issuance in connection with this Agreement or for any other purpose permitted under the Act (as defined herein) and/or the Subordinate Trust Indenture (as defined herein); and

WHEREAS, all obligations of the Authority to repay the Lender for extensions of credit made by the Lender under the Lines of Credit and to pay all other amounts payable to the Lender arising under or pursuant to this Agreement or the promissory notes to be issued to the Lender hereunder are created under and will be evidenced by this Agreement and such promissory notes and will be secured by a pledge of and lien on Subordinate Net Revenues (as defined herein), all in accordance with the terms and conditions hereof;

NOW, THEREFORE, in consideration of the foregoing Recitals and other consideration, the receipt and sufficiency of which is hereby acknowledged, and to induce the Lender to extend to the Authority the Lines of Credit, the Authority and the Lender hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. In addition to the terms defined in the recitals and elsewhere in this Agreement and the Subordinate Trust Indenture, the following terms shall have the following meanings:

"*Act*" means § 170000 *et seq.* of the California Public Utilities Code, as amended from time to time.

"*Advance*" means a Revolving Loan requested by the Authority under the AMT Loan Commitment, the Non-AMT Loan Commitment or the Taxable Loan Commitment, as applicable, and the terms hereof for the payment of Costs of a Project, costs of issuance in connection with this Agreement or for any other purpose permitted under the Act and/or the Subordinate Trust Indenture.

“Advance Date” means the date on which the Lender honors a Request for Advance and makes the funds requested available to the Authority.

“Affiliate” means, as to any Person, a corporation, partnership, association, agency, authority, instrumentality, joint venture, business trust or similar entity organized under the laws of any state that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person.

“Agreement” means this Revolving Credit Agreement, as the same may be amended from time to time.

“Airport System” has the meaning set forth in the Master Subordinate Trust Indenture.

“Amortization End Date” means the earliest to occur of (A) the third (3rd) anniversary of the Conversion Date; (B) the seventh (7th) day immediately succeeding an Event of Default specified in Section 10.1(a)(i), 10.1(a)(ii), 10.1(d)(i), 10.1(d)(ii), 10.1(e)(i), 10.1(e)(ii), 10.1(g) or 10.1(j) hereof; (C) the one hundred eightieth (180th) day immediately succeeding the date on which the Lender has notified the Authority of an acceleration of the Obligations following any Event of Default specified in Section 10.1(a)(iii), 10.1(b), 10.1(c), 10.1(d)(iii), 10.1(e)(iii), 10.1(f), 10.1(h), 10.1(i), 10.1(k) and 10.1(l) hereof; and (D) the day any other holder or credit enhancer of Debt secured by a lien or charge on Subordinate Net Revenues or any counterparty under any Swap Contract related thereto causes any such Debt or obligations under such Swap Contract or any other obligations of the Authority to become immediately due and payable.

“Amortization Payment” has the meaning set forth in Section 4.5 hereof.

“Amortization Payment Date” means (a) the Initial Amortization Payment Date and each three-month anniversary of the Initial Amortization Payment Date occurring thereafter which occurs prior to the Amortization End Date and (b) the Amortization End Date.

“Amortization Period” has the meaning set forth in Section 4.5 hereof.

“AMT Loan” and *“AMT Loans”* means individually and collectively, AMT Revolving Loans and AMT Term Loans.

“AMT Loan Commitment” means, on any date, an initial amount equal to **[\$125,000,000]** and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to any Advance or any Revolving Loan in respect of such Advance made to the Authority under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable; (b) upward in an amount equal to the principal amount of any Revolving Loan under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable, that is repaid or prepaid in the manner provided herein; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 2.7 or 10.2(a)(iii) hereof; and (d) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof; *provided, that,*

after giving effect to any of the foregoing adjustments the AMT Loan Commitment shall never exceed \$125,000,000 at any one time.

"AMT Note" has the meaning set forth in Section 3.2(a) hereof.

"AMT Revolving Loan" means any Revolving Loan identified by the Authority in a Request for Advance as an "AMT Revolving Loan."

"AMT Term Loan" means an AMT Revolving Loan that is converted to a Term Loan pursuant to the terms of Section 4.1 hereof.

"Anti-Terrorism Laws" has the meaning set forth in Section 7.25 hereof.

"Applicable Factor" means 75%.

"Applicable Law" means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

"Approving Opinion" means, with respect to any action or matter that may affect a Tax-Exempt Loan, an opinion delivered by Bond Counsel to the effect that such action (i) is permitted by this Agreement and the other Related Documents and (ii) will not adversely affect the exclusion of interest on any Tax-Exempt Loan from gross income of the Lender or any Participant for purposes of federal income taxation.

"Authority" means San Diego County Regional Airport Authority, a local government entity of regional government, created pursuant to and existing under the laws of the State.

"Authority Rating" means the long-term unenhanced rating (without regard to any bond insurance policy or credit enhancement) assigned by Moody's, Fitch or S&P to the Subordinate Obligations.

"Authorized Authority Representative" has the meaning set forth in the Master Subordinate Trust Indenture.

"Available Commitment" means, on any date, an initial amount equal to \$125,000,000 and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to any Advance or any Revolving Loan in respect of such Advance made to the Authority under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable; (b) upward in an amount equal to the principal amount of any Revolving Loan under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable, that is repaid or prepaid in the manner provided herein; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 2.7 or Section 10.2(a)(iii) hereof; and (d) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof;

provided, that, after giving effect to any of the foregoing adjustments the Available Commitment shall never exceed \$125,000,000 at any one time.

“Bank Agreement” means any credit agreement, bond purchase agreement, liquidity agreement or other agreement or instrument (or any amendment, supplemental or modification thereto) entered into by the Authority with any Person, directly or indirectly, or otherwise consented to by the Authority, under which any Person or Persons undertakes to make loans, extend credit or liquidity to the Authority in connection with, or purchase on a private placement basis, any Debt secured by or payable from Net Revenues or Subordinate Net Revenues.

“Bankruptcy Code” means the federal Bankruptcy Code of 1978, as it may be amended from time to time (Title 11 of the United States Code), and any successor statute thereto.

“Base Rate” means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time *plus* one percent (1.0%), (ii) the Federal Funds Rate in effect at such time *plus* two percent (2.0%), and (iii) seven and one half percent (7.5%).

“Board” has the meaning set forth in the Master Subordinate Trust Indenture.

“Bond Counsel” means Kutak Rock LLP or such other counsel of recognized national standing in the field of law relating to municipal bonds and the exemption from federal income taxation of interest thereon, appointed and paid by the Authority.

“Business Day” means any day other than (a) a Saturday, Sunday, or other day on which commercial banks located in the States of New York or California are authorized or required by law or executive order to close; or (b) a day on which the New York Stock Exchange is closed.

“Change in Law” means the occurrence, after the Effective Date, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation, any Risk-Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, ruling, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Code” means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

“Commitment” means the agreement of the Lender pursuant to Section 2.1 hereof to make Advances under the terms hereof for the account of the Authority for the purpose of

providing funds to pay Costs of a Project, costs of issuance in connection with this Agreement or for any other purpose permitted under the Act and/or the Subordinate Trust Indenture.

“Commitment Expiration Date” means September 4, 2017, unless extended as provided herein.

“Commitment Fee” has the meaning set forth in Section 2.6(a) hereof.

“Commitment Fee Rate” has the meaning set forth in Section 2.6(a) hereof.

“Computation Date” means the second New York Banking Day preceding each applicable Rate Reset Date.

“Conversion Date” means the date on which a Revolving Loan is converted to a Term Loan pursuant to Article IV hereof.

“Costs of a Project” has the meaning set forth in the Master Subordinate Trust Indenture.

“Debt” means, with respect to any Person, without duplication: (a) all indebtedness of such Person for borrowed money (including, but not limited to, amounts drawn under a letter of credit, line of credit or other credit or liquidity facilities or amounts loaned pursuant to a Bank Agreement); (b) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable in the ordinary course of business; (c) all obligations of such Person evidenced by notes, certificates, debentures or similar instruments; (d) all Guarantees by such Person of Debt of other Persons (each such Guarantee to constitute Debt in an amount equal to the amount of such other Person’s Debt guaranteed thereby); (e) all obligations of other Persons secured by a lien on, or security interest in, any asset of such Person whether or not such obligation is assumed by such Person; (f) all obligations under leases that constitute capital leases for which such Person is liable; and (g) all obligations of such Person under any Swap Contract, in each case, whether such Person is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss.

“Default” means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“Default Rate” means, for any day, a fluctuating rate per annum equal to the sum of the Base Rate in effect on such day *plus* three percent (3.00%).

“Designated Representative” has the meaning set forth in the Third Supplemental Subordinate Trust Indenture.

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the Authority files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Lender has received written notification from the Authority, supported by a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance, to the effect that an Event of Taxability has occurred;

(iii) on the date when the Authority shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that based upon filings of the Authority (or a statutory notice of deficiency, or a document of substantially similar import), or upon any review or audit of the Authority, or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on the date when the Authority shall receive notice from the Lender that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Lender or any Participant the interest on any Tax-Exempt Loan due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) above unless the Authority has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined after taking into account any permitted appeals; *provided further, however*, that upon demand from the Lender, the Authority shall promptly reimburse the Lender for any payments, including any taxes, interest, penalties or other charges, the Lender shall be obligated to make as a result of the Determination of Taxability.

“Dollar” and “\$” mean lawful money of the United States.

“Effective Date” means September 5, 2014, subject to the satisfaction or waiver by the Lender of the conditions precedent set forth in Section 2.4(a) hereof.

“EMMA” means the Electronic Municipal Market Access system and any successor thereto.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, or rules, and all judgments, orders, decrees, permits, concessions, grants, franchises, licenses, permits, agreements or governmental restrictions relating to air, water or land pollution, wetlands, or the protection of the environment or the release of any materials into the environment, including air, water or land and those related to Hazardous Materials, air emissions and discharges to waste or public systems.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Authority directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

“Event of Default” with respect to this Agreement has the meaning set forth in Section 10.1 of this Agreement and, with respect to any other Related Document, has the meaning assigned therein.

“Event of Taxability” means (i) a change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Authority, or the failure to take any action by the Authority, or the making by the Authority of any misrepresentation herein or in any certificate required to be given in connection with this Agreement) which has the effect of causing interest paid or payable on any Tax-Exempt Loan to become includable, in whole or in part, in the gross income of a Holder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on any Tax-Exempt Loan to become includable, in whole or in part, in the gross income of a Holder for federal income tax purposes, other than for a period during which the Holder is or was a “substantial user” of the projects financed or refinanced from proceeds of an AMT Loan or a “related person” for purposes of Section 147(a) of the Code. An Event of Taxability does not include any event, condition or circumstance which results in interest on any AMT Loan being an item of tax preference subject to the federal alternative minimum tax, or any other tax consequences which depend upon a Holder’s particular tax status.

“Excess Interest Amount” has the meaning set forth in Section 6.5(c) hereof.

“Excluded Tax” means, with respect to the Lender or any other recipient of any payment to be made by or on account of any obligation of the Authority hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which the Lender or such other recipient is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Authority is located.

“Executive Director” has the meaning set forth in the Master Subordinate Trust Indenture.

“Executive Order” has the meaning set forth in Section 7.25 hereof.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one-hundredth of one percent) (1/100 of 1%) charged to the Lender on such day on such transactions as determined by the Lender.

“Fiscal Year” means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period designated by the Board as the Authority’s fiscal year.

“Fitch” means Fitch Ratings, Inc., and any successor rating agency.

“FRB” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

“Generally Accepted Accounting Principles” or *“GAAP”* means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Authority.

“Governmental Approval” means an authorization, consent, approval, license, or exemption of, registration or filing with, or report to any Governmental Authority.

“Governmental Authority” means the government of the United States or any state or political subdivision thereof or any other nation or political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“Guarantee” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to

take or pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

"Hazardous Materials" means (a) any petroleum or petroleum products, flammable substance, explosives, radioactive materials, hazardous waste or contaminants, toxic wastes, substances or contaminants, or any other wastes, contaminants, or pollutants; (b) asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers, or other equipment that contains dielectric fluid containing levels of polychlorinated biphenyls or radon gas; (c) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "contaminants" or "pollutants," or words of similar import, under any applicable Environmental Law; (d) any other chemical, material or substance, exposure to which is prohibited, limited, or regulated by any governmental authority; and (e) any other chemical, material or substance which may or could pose a hazard to the environment.

"Indemnatee" has the meaning set forth in Section 6.2 hereof.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Initial Amortization Payment Date" means the ninetieth (90th) calendar day following the Conversion Date.

"Initial Commitment Amount" means \$125,000,000.

"Interest Payment Date" means (a) with respect to any AMT Revolving Loan, Non-AMT Revolving Loan or Taxable Revolving Loan, the first Business Day of every calendar month and on the Revolving Loan Maturity Date, (b) as to any Term Loan, the first Business Day of every calendar month and on the Amortization End Date and (c) as to any Loan, the date such Loan is paid or prepaid.

"Interest Period" means, with respect to any Loan, the period from (and including) the date such Loan is made to (but excluding) the next succeeding Rate Reset Date, and thereafter shall mean the period from (and including) such Rate Reset Date to (but excluding) the next succeeding Rate Reset Date (or, if sooner, to but excluding the Revolving Loan Maturity Date).

"Law" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lender" means U.S. Bank National Association and its successors and assigns.

“Lender Affiliate” means the Lender and any Affiliate of the Lender.

“Lender Rate” means, for each day of determination on and after the Conversion Date, a fluctuating rate per annum, with respect to any Term Loan, equal to the Base Rate from time to time in effect plus one and one-half percent (1.50%); *provided* that from and after the occurrence of an Event of Default, *“Lender Rate”* shall mean the Default Rate.

“Lender’s Office” means the Lender’s address and, as appropriate, the account as set forth in Section 11.3 hereof, or such other address or account of which the Lender may from time to time notify the Authority.

“LIBOR” means, as of any Computation Date, the rate of interest per annum for United States Dollar deposits in the London Interbank Market, as quoted by the Lender from Reuters Screen LIBOR01 Page or any successor thereto, which shall be that one-month LIBOR rate in effect two New York Banking Days prior to the related Advance Date or the Rate Reset Date, as the case may be, such rate to be reset monthly on each Rate Reset Date. If for any reason such LIBOR is illegal, unavailable and/or the Lender is unable to determine the Taxable LIBOR Rate or the Tax-Exempt LIBOR Rate, as applicable, for any Interest Period, then the Lender and the Authority shall reach agreement to: (a) select a replacement index based on the arithmetic mean of the quotations, if any, of the interbank offered rate by first class banks in London or New York for deposits with comparable maturities or (b) deem the LIBOR to be a rate per annum equal to the Lender’s Federal Funds Rate plus an agreed upon margin as of the first day of any Interest Period for which such LIBOR is unavailable or cannot be determined; *provided that*, if for any reason the Lender and the Authority fail to reach agreement as to the selection of (a) or (b), the LIBOR shall be deemed to be a rate per annum equal to the Lender’s Federal Funds Rate as of the first day of any Interest Period for which such LIBOR is unavailable or cannot be determined plus the Tax-Exempt Applicable Spread or Taxable Applicable Spread, as applicable. The Lender’s internal records of applicable interest rates shall be determinative in the absence of manifest error.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Loan” and *“Loans”* means individually, each Revolving Loan and each Term Loan under this Agreement, and collectively the Revolving Loans and the Term Loans under this Agreement.

“Margin Rate Factor” means the greater of (i) 1.0, and (ii) the product of (a) one minus the Maximum Federal Corporate Tax Rate multiplied by (b) 1.53846. The effective date of any change in the Margin Rate Factor shall be the effective date of the decrease or increase (as applicable) in the Maximum Federal Corporate Tax Rate resulting in such change. As of the Effective Date, the Margin Rate Factor is 1.0.

"Margin Stock" has the meaning ascribed to such term in Regulation U and/or Regulation X promulgated by the FRB, as now and hereafter from time to time in effect.

"Master Senior Trust Indenture" means that certain Master Trust Indenture dated as of November 1, 2005, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, as the same may be amended or otherwise modified in accordance with the terms thereof and hereof.

"Master Subordinate Trust Indenture" means that certain Master Subordinate Trust Indenture, dated as of September 1, 2007, by and between the Authority and the Trustee, as amended by the Second Supplemental Subordinate Trust Indenture, and as the same may be further amended or otherwise modified in accordance with the terms thereof and hereof.

"Material Adverse Change" means the occurrence of any event or change, including but not limited to a change revealed by a comparison of any financial statements delivered pursuant to Section 8.2 hereof to the financial statements for the most recent prior Fiscal Year, which separately or in the aggregate with the occurrence of other events, results or could reasonably be expected to result in a Material Adverse Effect.

"Material Adverse Effect" means any event or occurrence (including, without limitation, a change in Applicable Law) that causes a material adverse change in or a material adverse effect on (A) the validity or enforceability of this Agreement, the Notes or any of the other the Related Documents, (B) the validity, enforceability or perfection of the pledge of and lien on the Subordinate Net Revenues under the Subordinate Trust Indenture or hereunder, (C) the status of the Authority as a public entity created and validly existing under the laws of the State, (D) the exemption of interest on any Tax-Exempt Loan from federal income tax, other than for a period during which a Holder is or was a "substantial user" of the projects financed or refinanced from proceeds of an AMT Loan or a "related person" for purposes of Section 147(a) of the Code, or (E) the collection of the Revenues that could reasonably be expected to have a material adverse effect on the ability of the Authority to pay debt service on the Loans, the Senior Lien Revenue Bonds or the Subordinate Obligations or amounts due on any other Obligations hereunder or (F) the rights, remedies, security or interests of the Lender under the Related Documents.

"Maximum Federal Corporate Tax Rate" means the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect from time to time (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Lender, the maximum statutory rate of federal income taxation which could apply to the Lender). As of the Effective Date, the Maximum Federal Corporate Tax Rate is 35%.

"Maximum Rate" means the lesser of (a) the maximum non-usurious interest rate payable by the Authority under applicable law, and (b) 15% per annum.

"Miscellaneous Taxes" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made

hereunder or under any other Related Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Related Document.

“Moody’s” means Moody’s Investors Service, Inc. and any successor rating agency.

“1933 Act” means the Securities Act of 1933, as amended.

“Net Revenues” has the meaning set forth in the Master Subordinate Trust Indenture.

“New York Banking Day” shall mean any date (other than a Saturday or Sunday) on which commercial banks are open for business in New York, New York.

“Non-AMT Loan” and *“Non-AMT Loans”* means individually and collectively, Non-AMT Revolving Loans and Non-AMT Term Loans.

“Non-AMT Loan Commitment” means, on any date, an initial amount equal to \$125,000,000 and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to any Advance or any Revolving Loan in respect of such Advance made to the Authority under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable; (b) upward in an amount equal to the principal amount of any Revolving Loan under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable, that is repaid or prepaid in the manner provided herein; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 2.7 or 10.2(a)(iii) hereof; and (d) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof; *provided*, that, after giving effect to any of the foregoing adjustments the Non-AMT Loan Commitment shall never exceed \$125,000,000 at any one time.

“Non-AMT Note” has the meaning set forth in Section 3.2(a) hereof.

“Non-AMT Revolving Loan” means any Revolving Loan identified by the Authority in a Request for Advance as a “Non-AMT Revolving Loan.”

“Non-AMT Term Loan” means a Non-AMT Revolving Loan that is converted to a Term Loan pursuant to the terms of Section 4.1 hereof.

“Noteholder” or *“Holder”* means the holder or owner of a Note.

“Notes” means the AMT Note, the Non-AMT Note and the Taxable Note, each evidencing the Revolving Obligations.

“OFAC” has the meaning set forth in Section 7.25 hereof.

“Obligations” means all Repayment Obligations, all fees, expenses and charges payable or reimbursable hereunder to the Lender (including, without limitation, any amounts to reimburse the Lender for any advances or expenditures by it under any of such documents) and

all other payment obligations of the Authority to the Lender arising under or in relation to this Agreement or the other Related Documents, in each, case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

“Outstanding” has the meaning set forth in the Master Subordinate Trust Indenture.

“Participant” means any entity to which the Lender has granted a participation in the obligations of the Lender hereunder and of the Authority hereunder and under the Notes.

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001), as amended.

“Person” means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

“Plan” means an employee benefit plan maintained for employees of the Authority that is covered by ERISA.

“Prime Rate” means on any day, the rate of interest per annum then most recently established by the Lender as its “prime rate.” Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by the Lender to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that the Lender may make various business or other loans at rates of interest having no relationship to such rate. If the Lender ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“Qualified Transferee” means any of the following entities, acting for its own account or the accounts of other Qualified Transferees:

- (i) Any bank as defined in section 3(a)(2) of the 1933 Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the 1933 Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended; any insurance company as defined in Section 2(a)(13) of the 1933 Act; any investment company registered under the Investment Company Act of 1940 or a business

development company as defined in Section 2(a)(48) of that 1933 Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940; or

(iii) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000.

"Rate Reset Date" means each date on which the interest rate borne by any Loan shall be reset hereunder, and with respect to any Loan, shall mean the first calendar day of each calendar month.

"Rating Agency" means any of S&P, Moody's and/or Fitch, as context may require.

"Rating Documentation" has the meaning set forth in Section 2.4(a)(viii) hereof.

"Reduction Fee" means an amount equal to the product of (A) the Commitment Fee Rate in effect on the date of the permanent reduction of the Commitment pursuant to Section 2.7(a) hereof, (B) the difference between (x) the Initial Commitment Amount and (y) the sum of the Available Commitment after the reduction and the aggregate principal amount of the Loans outstanding after the reduction and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including the second anniversary of the Effective Date, and the denominator of which is 360.

"Related Documents" means this Agreement, the Notes, the Tax Certificate, the Master Senior Trust Indenture, the Master Subordinate Trust Indenture, the Third Supplemental Subordinate Trust Indenture, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

"Repayment Obligations" means any and all obligations of the Authority under this Agreement to repay the principal of and interest on the Loans, the Advances and the Notes, pursuant to and in accordance with this Agreement.

“Request for Advance” means any request for an Advance made by the Authority to the Lender, in the form of Exhibit B hereto, executed and delivered on behalf of the Authority by the manual or facsimile signatures of any Designated Representative.

“Revenues” has the meaning set forth in the Master Subordinate Trust Indenture.

“Revolving Loan” has the meaning set forth in Section 3.1 hereof.

“Revolving Loan Maturity Date” means, with respect to any Revolving Loan, the Commitment Expiration Date or any earlier Termination Date.

“Revolving Obligations” has the meaning set forth in the Third Supplemental Subordinate Trust Indenture and includes all Loans, Advances and Notes.

“Risk-Based Capital Guidelines” means (i) the risk-based capital guidelines in effect in the United States, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor rating agency.

“Second Supplemental Subordinate Trust Indenture” means that certain Second Supplemental Subordinate Trust Indenture, dated as of October 1, 2010, between the Authority and the Trustee, as the same may be amended or otherwise modified in accordance with the terms thereof and hereof.

“Senior Lien Revenue Bonds” has the meaning set forth in the Master Subordinate Trust Indenture.

“Senior Lien Trustee” means The Bank of New York Mellon Trust Company, N.A. as trustee, or its permitted successor as trustee under the Master Senior Trust Indenture from time to time.

“State” means the State of California.

“Subordinate Net Revenues” has the meaning set forth in the Master Subordinate Trust Indenture.

“Subordinate Obligations” has the meaning set forth in the Master Subordinate Trust Indenture.

“Subordinate Trust Indenture” means, the Master Subordinate Trust Indenture as supplemented by the Third Supplemental Subordinate Trust Indenture.

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

“*Swap Contract*” means (a) any and all rate swap transactions, total return swaps, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Tax Certificate*” means that certain Tax Compliance Certificate dated September 5, 2014, by the Authority, relating to the Tax-Exempt Loans, as the same may be amended or supplemented from time to time.

“*Tax-Exempt Applicable Spread*” means, initially 42 basis points (0.42%), which is subject to maintenance of the current Authority Rating. In the event of a change in the Authority Rating, the Tax-Exempt Applicable Spread shall equal the number of basis points set forth in the Level associated with the lowest Authority Rating as set forth in the schedule below:

| | Authority Rating | | | Applicable Spread basis points (%) |
|-----------|------------------|------------|------------|---------------------------------------|
| | Moody's | S&P | Fitch | |
| Level I | A2 or above | A or above | A or above | 42 bps (0.42%) |
| Level II | A3 | A- | A- | 57 bps (0.57%) |
| Level III | Baa1 | BBB+ | BBB+ | 82 bps (0.82%) |
| Level IV | Baa2 | BBB | BBB | 132 bps (1.32%) |

Any change in the Tax-Exempt Applicable Spread resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a “*global*” rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to

refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The Authority acknowledges that as of the Effective Date the Tax-Exempt Applicable Spread is that specified above for Level I.

“Tax-Exempt LIBOR Rate” means a fluctuating rate per annum, determined as of each applicable Rate Reset Date, equal to the product of (x) the sum of (a) the Tax-Exempt Applicable Spread *plus* (b) the product of (i) LIBOR, as in effect on such Rate Reset Date, multiplied by (ii) the Applicable Factor, as in effect on such Rate Reset Date, multiplied by (y) the Margin Rate Factor, rounded upward to the fifth decimal place.

“Tax-Exempt Loan” and *“Tax-Exempt Loans”* means individually and collectively, AMT Loans and Non-AMT Loans.

“Tax-Exempt Term Loan” means an AMT Revolving Loan or a Non-AMT Revolving Loan that is converted to a Term Loan pursuant to the terms of Section 4.1 hereof.

“Taxable Date” means the date on which interest on any Tax-Exempt Loan is first includable in gross income of any holder thereof (including the Lender) as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

“Taxable Applicable Spread” means, initially 60 basis points (0.60%), which is subject to maintenance of the current Authority Rating. In the event of a change in the Authority Rating, the Taxable Applicable Spread shall equal the number of basis points set forth in the Level associated with the lowest Authority Rating as set forth in the schedule below:

| | Authority Rating | | | Applicable Spread |
|-----------|------------------|------------|------------|-------------------|
| | Moody's | S&P | Fitch | basis points (%) |
| Level I | A2 or above | A or above | A or above | 60 bps (0.60%) |
| Level II | A3 | A- | A- | 75 bps (0.75%) |
| Level III | Baa1 | BBB+ | BBB+ | 100 bps (1.00%) |
| Level IV | Baa2 | BBB | BBB | 150 bps (1.50%) |

Any change in the Taxable Applicable Spread resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a “global” rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The Authority acknowledges that as of the Effective Date the Taxable Applicable Spread is that specified above for Level I.

"Taxable LIBOR Rate" means a fluctuating rate per annum, determined as of each applicable Rate Reset Date, equal to the sum of (i) the Taxable Applicable Spread *plus* (ii) LIBOR, as in effect on such Rate Reset Date, rounded upward to the fifth decimal place.

"Taxable Loan" and *"Taxable Loans"* means individually and collectively, Taxable Revolving Loans and Taxable Term Loans.

"Taxable Loan Commitment" means, on any date, an initial amount equal to \$125,000,000 and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to any Advance or any Revolving Loan in respect of such Advance made to the Authority under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable; (b) upward in an amount equal to the principal amount of any Revolving Loan under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable, that is repaid or prepaid in the manner provided herein; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 2.7 or 10.2(a)(iii) hereof; and (d) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof; *provided*, that, after giving effect to any of the foregoing adjustments the Taxable Loan Commitment shall never exceed \$125,000,000 at any one time.

"Taxable Note" has the meaning set forth in Section 3.2(b) hereof.

"Taxable Period" has the meaning set forth in Section 6.3(e) hereof.

"Taxable Rate" means, with respect to a Taxable Period, the product of (i) the average interest rate on the Non-AMT Loan during such period and (ii) 1.54.

"Taxable Revolving Loan" means any Revolving Loan identified by the Authority in a Request for Advance as a "Taxable Revolving Loan."

"Taxable Term Loan" means a Taxable Revolving Loan that is converted to a Term Loan pursuant to the terms of Section 4.1 hereof.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

"Termination Date" means the earliest of (i) the Commitment Expiration Date, as such date may be extended pursuant to Section 2.7 hereof, (ii) the date on which the Commitment and Available Commitment are otherwise terminated or reduced to zero in accordance with Section 2.7 hereof and (iii) the date the Commitment terminates by its terms in accordance with Section 10.2 hereof.

"Termination Fee" means an amount equal to the product of (A) the Commitment Fee Rate in effect on the date of termination of the Commitment pursuant to Section 2.7(b) hereof,

(B) the difference between (x) the Initial Commitment Amount and (y) the principal amount of any permanent reduction to the Commitment pursuant to Section 2.7(a) hereof for which a Reduction Fee has been paid to the Lender and (C) a fraction, the numerator of which is equal to the number of days from and including the date of termination to and including the second anniversary of the Effective Date, and the denominator of which is 360.

“*Term Loan*” means an AMT Term Loan, a Non-AMT Term Loan and a Taxable Term Loan.

“*Third Supplemental Subordinate Trust Indenture*” means that certain Third Supplemental Subordinate Trust Indenture, dated as of September 1, 2014, by and between the Authority and the Trustee, as the same may be amended or otherwise modified in accordance with the terms thereof and hereof.

“*Trustee*” means U.S. Bank National Association as trustee or its permitted successor as trustee under the Trust Indenture.

“*United States*” means the United States of America.

“*Vice President, Finance and Asset Management/Treasurer*” means the person at a given time who is the Vice President, Finance and Asset Management/Treasurer of the Authority (including any person serving in an acting or interim capacity) or such other title as the Board may from time to time assign for such position and the officer or officers succeeding to such position as certified by the Board.

Section 1.2. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the Effective Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Sections 8.2 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, either the Authority or the Lender may by notice to the other party hereto, require that the Lender and the Authority negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Authority shall be the same as if such change had not been made. No delay by the Authority or the Lender in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.2, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

Section 1.3. Interpretation. The following rules shall apply to the construction of this Agreement unless the context requires otherwise: (i) the singular includes the plural, and the plural the singular; (ii) words importing any gender include the other gender; (iii) references to

statutes are to be construed as including all statutory provisions consolidating and amending, and all regulations promulgated pursuant to, such statutes; (iv) references to "writing" include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible font; (v) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; (vi) references to the introductory paragraph, recitals, articles, sections (or clauses or subdivisions of sections), exhibits, appendices, annexes or schedules are to those of this Agreement unless otherwise indicated; (vii) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Agreement; (viii) section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose; (ix) references to Persons include their respective permitted successors and assigns; and (x) in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding." All references to "funds" herein shall include all accounts and subaccounts therein unless the context clearly requires otherwise.

Section 1.4. Times of Day. Unless otherwise specified, all references herein to times of day shall be references to California time (daylight or standard, as applicable).

Section 1.5. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference. (a) Nothing in this Agreement shall be deemed to amend, or relieve the Authority of its obligations under, any Related Document to which it is a party. Conversely, to the extent that the provisions of any Related Document allow the Authority to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the Authority nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.5, all references to other documents shall be deemed to include all amendments, modifications and supplements thereto to the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of any Related Document shall be deemed to incorporate such Sections into this Agreement by reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by the Related Documents, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until all Obligations are paid in full. No amendment, modification, consent, waiver or termination with respect to any of such Sections shall be effective as to this Agreement until specifically agreed to in writing by the parties hereto with specific reference to this Agreement.

ARTICLE II

FACILITIES; APPLICATION AND ISSUANCE OF THE LOANS; PAYMENTS

Section 2.1. Revolving Credit Commitments. Subject to the terms and conditions hereof, the Lender, by its acceptance hereof, agrees to make a loan or loans in U.S. Dollars to the Authority from time to time on a revolving basis up to the amount of the Available Commitment, subject to any reductions thereof pursuant to the terms hereof, before the Termination Date. The sum of the aggregate principal amount of AMT Loans, Non-AMT Loans and Taxable Loans at any time outstanding shall not exceed the Available Commitment in effect at such time. As provided in Section 2.3(c) hereof, the Authority may elect that any such Revolving Loan be an AMT Loan pursuant to the AMT Loan Commitment, a Non-AMT Loan pursuant to the Non-AMT Loan Commitment or a Taxable Loan pursuant to the Taxable Loan Commitment. Revolving Loans may be repaid and the principal amount thereof reborrowed before the Termination Date, subject to the terms and conditions hereof.

Section 2.2. Application. The Authority hereby applies to the Lender for, and authorizes and instructs the Lender to issue for its account, the Commitment in an initial amount equal to the Initial Commitment Amount.

Section 2.3. Making of Advances; Use of Proceeds. (a) Subject to the terms and conditions of this Agreement, the Lender agrees to make Advances from time to time on any Business Day, commencing on the Effective Date and ending on the Termination Date, in amounts not to exceed at any time outstanding the Available Commitment; *provided*, that the Lender shall not be required to make more than three Advances during any calendar month. Each Advance requested shall be in a minimum principal amount of \$1,000,000 or any integral multiples of \$250,000 in excess thereof. Each Advance shall be made solely for the purpose of providing funds to pay Costs of a Project, costs of issuance in connection with this Agreement or any other purpose permitted under the Act and/or the Subordinate Trust Indenture; *provided* that in no event shall any of the proceeds of a Non-AMT Loan be used to pay or prepay an AMT Loan or a Taxable Loan nor shall the proceeds of an AMT Loan be used to pay or prepay a Taxable Loan, unless the Authority receives an Approving Opinion of Bond Counsel, which shall also be addressed to the Lender or upon which the Lender is entitled to rely. The aggregate amount of all Advances made on any Advance Date shall not exceed the applicable Available Commitment (calculated without giving effect to any Advances made on such date) at 9:00 am (California time) on such date. The aggregate amount of all Advances bearing interest at an Tax-Exempt LIBOR Rate made on any Advance Date shall not exceed the applicable AMT Loan Commitment or the Non-AMT Loan Commitment (calculated without giving effect to any Advances made on such date) at 9:00 am (California time) on such date. The aggregate amount of all Advances bearing interest at a Taxable LIBOR Rate made on any Advance Date shall not exceed the applicable Taxable Loan Commitment (calculated without giving effect to any Advances made on such date) at 9:00 am (California time) on such date.

(b) *Reborrowing.* Within the limits of this Section 2.3, the Authority may borrow, repay pursuant to Section 3.4 hereof and reborrow under this Section 2.3. Upon any prepayment

of the related Revolving Loan, the related Available Commitment shall be reinstated as set forth in the definition thereof.

(c) *Method of Borrowing.* Upon receipt of a Request for Advance by the Lender not later than 9:00 a.m. California time on the Business Day which is three New York Banking Days' immediately prior to the day of the proposed borrowing, the Lender, subject to the terms and conditions of this Agreement, shall be required to make an Advance by 12:30 p.m. California time on such day of the proposed borrowing for the account of the Authority in an amount equal to the amount of the requested borrowing. Notwithstanding the foregoing, in the event such Request for Advance is received by the Lender after 9:00 a.m. California time on the Business Day which is three New York Banking Days immediately prior to the day of the proposed borrowing, the Lender shall be required to make the related Advance by 12:30 p.m. California time on the fourth New York Banking Day after receipt of the related Request for Advance. Any Request for Advance shall be signed by a Designated Representative and shall specify whether the requested Advance shall be an AMT Loan, a Non-AMT Loan or a Taxable Loan. Pursuant to Section 3.3 hereof, the Lender shall determine the initial Tax-Exempt LIBOR Rate or Taxable LIBOR Rate, as applicable, for the Advance two New York Banking Days prior to the related Advance Date. Each Advance shall be made by the Lender by wire transfer of immediately available funds to the Trustee (on behalf of the Authority) in accordance with written instructions provided by the Authority. If, after examination, the Lender shall have determined that a Request for Advance does not conform to the terms and conditions hereof, then the Lender shall use its best efforts to give notice to the Authority to the effect that documentation was not in accordance with the terms and conditions hereof and stating the reasons therefor. The Authority may attempt to correct any such nonconforming Request for Advance, if, and to the extent that, the Authority is entitled (without regard to the provisions of this sentence) and able to do so.

Section 2.4. Conditions Precedent.

(a) *Conditions Precedent to Effective Date.* The obligations of the Lender to make the Commitment available hereunder shall be subject to the fulfillment of each of the following conditions precedent on or before the Effective Date in a manner satisfactory to the Lender:

(i) The Lender shall have received the following documents, each dated and in form and substance as is satisfactory to the Lender:

(1) copies of the resolution(s) of the Board approving the execution and delivery of this Agreement, the Notes and the Third Supplemental Subordinate Trust Indenture, certified by the Director, Corporate & Information Governance/Authority Clerk as being true and complete and in full force and effect on the Effective Date;

(2) certified copies of all approvals, authorizations and consents of any trustee, or holder of any indebtedness or obligation of the Authority or any Governmental Authority necessary for the Authority to enter into each of the Related Documents and the transactions contemplated herein and therein;

(3) the audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2013 and a copy of the most recent budget of the Authority (such requirement to be satisfied if such information is available on the Authority's website); and

(4) a certificate of the Authority dated the Effective Date certifying as to the authority, incumbency and specimen signatures of the Authorized Authority Representatives and the Designated Representatives authorized to sign this Agreement, the Third Supplemental Subordinate Trust Indenture and the Notes and any other documents to be delivered by it hereunder and who will be authorized to represent the Authority in connection with this Agreement, upon which the Lender may rely until it receives a new such certificate;

(5) an executed original or certified copy, as applicable, of each of the Related Documents;

(6) the original executed Notes; and

(7) an IRS Form W-9 duly completed by the Authority.

(ii) The Lender shall have received a written description of all actions, suits or proceedings pending or threatened against the Authority in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a material adverse effect on the Authority's ability to perform its obligation under this Agreement and the other Related Documents, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Lender may reasonably request. There shall not have occurred any change or any development involving a prospective change in the financial or operating condition of the Authority or its ability to pay the Obligations from that set forth in the audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2013 provided to the Lender, that in the judgment of the Lender is material or adverse to the Lender. No law, regulation, ruling or other action of the United States, the State of California or the State of New York or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Authority or the Lender from fulfilling its respective obligations under this Agreement and the other Related Documents.

(iii) The Lender shall have received an opinion addressed to the Lender and dated the Effective Date from the General Counsel of the Authority, in form and substance reasonably satisfactory to the Lender and its counsel, which provides for, among other opinions, the following: (1) the Authority is a local government entity of regional government, duly organized and validly existing under the laws of the State, (2) the execution, delivery and performance by the Authority of this Agreement, the Notes and the other Related Documents are within the Authority's powers, have been duly authorized by all necessary action, and require no action by or in respect of, or filing with, any governmental body, agency or official that has not been accomplished, (3) this

Agreement, the Notes and the other Related Documents have been duly authorized, executed and delivered and are valid, binding and enforceable against the Authority, and (4) such other matters as the Lender may reasonably request, in form and substance satisfactory to the Lender and its counsel.

(iv) The following statements shall be true and correct on the Effective Date, and the Lender shall have received a certificate signed by a Designated Representative, dated the Effective Date, certifying that: (A) the representations and warranties of the Authority contained in each of the Related Documents and each certificate, letter, other writing or instrument delivered by the Authority to the Lender pursuant hereto or thereto are true and correct on and as of the Effective Date as though made on and as of such date; (B) no Default or Event of Default has occurred and is continuing or would result from the Authority's execution and delivery of this Agreement, the Notes or the Third Supplemental Subordinate Trust Indenture or the acceptance of the Commitment by the Authority; (C) the audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2013, including the balance sheet as of such date of said period, all examined and reported on by McGladery LLP, as heretofore delivered to the Lender correctly and fairly present the financial condition of the Authority as of said date and the results of the operations of the Authority for such period, have been prepared in accordance with GAAP consistently applied except as stated in the notes thereto; (D) since the release of the audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2013, no material adverse change has occurred in the financial condition of the Authority prior to the Effective Date, and on and prior to the Effective Date no material transactions or obligations (not in the ordinary course of business) shall have been entered into by the Authority, other than as previously advised in writing to the Lender; (E) the acceptance of the Commitment by the Authority pursuant to this Agreement is an arm's length commercial transaction between the Authority and the Lender; (F) the Authority has consulted with its own respective legal and financial advisors in connection with the acceptance of the Commitment by the Authority pursuant to this Agreement; (G) the Lender has not acted as a municipal advisor or fiduciary in favor of the Authority with respect to this Agreement, the Related Documents, the Notes or the acceptance of the Commitment by the Authority; and (H) to the best knowledge of the Authority, the underlying unenhanced long-term ratings assigned to the Subordinate Obligations by Moody's, S&P and Fitch have not been reduced, withdrawn or suspended since the dated date of the Rating Documentation.

(v) The Lender shall have received an opinion addressed to the Lender and dated the Effective Date of Bond Counsel as to the due authorization, execution and delivery of this Agreement, the Notes, and the Third Supplemental Subordinate Trust Indenture, and as to the validity and enforceability with respect to the Authority of this Agreement, the Notes, the Master Subordinate Trust Indenture and the Third Supplemental Subordinate Trust Indenture, the exclusion of interest on the Tax-Exempt Loans from gross income for federal income tax purposes of the Lender (subject to the inclusion of any exceptions with respect to interest payable to a Holder on an AMT Loan in the event a Holder is a "substantial user" or "related party" within the meaning of Section 147(a) of the Code), the pledge of Subordinate Net Revenues securing the Notes

and the Obligations constituting a valid pledge, and such other matters as the Lender may reasonably request, in form and substance satisfactory to the Lender and its counsel.

(vi) All necessary action on the part of the Authority shall have been taken as required for the assignment and pledge of a lien on the Subordinate Net Revenues for the benefit of the Lender as described in Section 5.1 hereof.

(vii) All other legal matters pertaining to the execution and delivery of this Agreement, the Notes and the Third Supplemental Subordinate Trust Indenture shall be satisfactory to the Lender and its counsel. The Lender shall have received evidence satisfactory to the Lender that all conditions precedent to the issuance of the Notes as Subordinate Obligations pursuant to Section 2.09 of the Master Subordinate Trust Indenture have been satisfied.

(viii) The Lender shall have received evidence from Moody's, S&P and Fitch confirming that the underlying unenhanced long-term ratings assigned to the Subordinate Obligations by Moody's is "A2" (or its equivalent), "A" (or its equivalent) by S&P and "A" (or its equivalent) by Fitch (referred to herein as the "Rating Documentation").

(ix) On or prior to the Effective Date, (1) the Lender shall have received reimbursement of the Lender's fees and expenses and any other fees incurred in connection with the transaction contemplated by this Agreement due on the Effective Date and (2) Chapman and Cutler LLP, as counsel to the Lender, shall have received payment of its legal fees and expenses and disbursements incurred in connection with the preparation, review, negotiation, execution and delivery of the Related Documents.

(x) None of the AMT Note, the Non-AMT Note or the Taxable Note shall be (1) assigned a separate rating by any Rating Agency, (2) registered with The Depository Trust Company or any other securities depository or (3) assigned a CUSIP number by Standard & Poor's CUSIP Service. No offering document or official statement shall be prepared with respect to the AMT Note, the Non-AMT Note or the Taxable Note.

(xiii) The Lender shall have received such other documents, certificates, opinions, approvals and filings with respect to this Agreement, the Notes and the other Related Documents as the Lender may reasonably request.

(b) *Conditions Precedent to Each Advance.* The obligation of the Lender to make an Advance on any date is subject to the conditions precedent that on the date of such Advance:

(i) The Lender shall have received a Request for Advance as provided in Section 2.3(c) hereof specifying whether such Advance will be an AMT Loan, a Non-AMT Loan or a Taxable Loan;

(ii) All representations and warranties of the Authority as set forth in Article VII hereof shall be true and correct as though made on the date of such Request for

Advance and on the date of the proposed Advance and no Default or Event of Default shall have occurred and be continuing;

(iii) After giving effect to any Revolving Loan, the aggregate principal amount of all Loans outstanding hereunder shall not exceed the Initial Commitment Amount (or, following a reduction of the Available Commitment pursuant to Section 2.7 hereof, the Available Commitment as so reduced). The proposed amount of the Revolving Loan does not exceed the Available Commitment;

(iv) The Lender shall have received satisfactory evidence that all representations and certifications of the Authority that the Lender deems necessary to maintain the tax-exempt status of the interest on any Tax-Exempt Loan have been delivered and are true and correct;

(v) No Material Adverse Change shall have occurred;

(vi) The Lender shall be satisfied that the opinion of Bond Counsel delivered pursuant to Section 2.4(a)(v) hereof remains in full force and effect or the Lender shall have received an opinion from Bond Counsel dated the date of such Advance as to the exclusion of interest on the Tax-Exempt Loans from gross income for federal income tax purposes, in form and substance satisfactory to the Lender;

(vii) Neither the Authority or the Lender shall have received actual notice (either verbal or written) from Bond Counsel that the opinion delivered pursuant to Section 2.4(a)(v) hereof may no longer be relied upon.

(viii) With respect to an Advance for an AMT Revolving Loan, the Lender shall have received evidence that an IRS Form 8038 has been duly completed by the Authority and signed by the Authority; and with respect to an Advance for Non-AMT Revolving Loan, the Lender shall have received evidence that an IRS Form 8038-G has been duly completed by the Authority and signed by the Authority; and

(ix) The Commitment and the obligation of the Lender to make an Advance hereunder shall not have terminated pursuant to Section 10.2 hereof or pursuant to Section 2.7 hereof. Unless the Authority shall have otherwise previously advised the Lender in writing, delivery to the Lender of a Request for Advance shall be deemed to constitute a representation and warranty by the Authority that on the date of such Request for Advance and on the date of the proposed Advance each of the foregoing conditions has been satisfied and that all representations and warranties of the Authority as set forth in Article VII hereof is true and correct as though made on the date of such Request for Advance and on the date of the proposed Advance and no Default or Event of Default shall have occurred and be continuing on the date of such Request for Advance or on the date of the proposed Advance and the Authority has not received actual notice (either verbal or written) from Bond Counsel that the opinion delivered pursuant to Section 2.4(a)(v) hereof may no longer be relied upon.

Section 2.5. Interest Rate Determinations. The Lender shall promptly notify the Authority and the Trustee of the interest rate applicable to any Loan upon determination of such interest rate; *provided, however*, that the failure by the Lender to provide notice of the applicable interest rate shall not relieve the Authority of its obligation to make payment of amounts as and when due hereunder. At any time that a Term Loan is outstanding, the Lender shall notify the Authority and the Trustee of any change in Lender's Prime Rate used in determining the Base Rate promptly following the establishment of such change; *provided, however*, that the failure by the Lender to provide notice of such change shall not relieve the Authority of its obligation to make payment of amounts as and when due hereunder. Each determination by the Lender of an interest rate shall be conclusive and binding for all purposes, absent manifest error.

Section 2.6. Fees. (a) Commitment Fees. The Authority agrees to pay to the Lender a nonrefundable annual fee (the "*Commitment Fee*") initially accruing at a rate of 37 basis points (0.37%) per annum multiplied by the daily Available Commitment, which is subject to maintenance of the current Authority Rating. In the event of a change in the Authority Rating, the Commitment Fee shall be calculated based on the number of basis points set forth in the Level associated with the lowest Authority Rating as set forth in the schedule (the "*Commitment Fee Rate*") below multiplied by the daily Available Commitment:

| | Authority Rating | | | Commitment Fee Rate basis points (%) |
|-----------|------------------|------------|------------|--|
| | Moody's | S&P | Fitch | |
| Level I | A2 or above | A or above | A or above | 37 bps (0.37%) |
| Level II | A3 | A- | A- | 52 bps (0.52%) |
| Level III | Baa1 | BBB+ | BBB+ | 77 bps (0.77%) |
| Level IV | Baa2 | BBB | BBB | 127 bps (1.27%) |

Any change in the Commitment Fee resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating. The Commitment Fee shall be payable monthly in arrears on the first Business Day of each calendar month (beginning on the first such date to occur after the Effective Date) and on the Commitment Expiration Date, or such earlier date on which the Commitment may be terminated in accordance with the terms of this Agreement. The Commitment Fee shall be calculated on the basis of 360-day year and actual days elapsed. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a "*global*" rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. In the event that any Authority Rating is suspended, withdrawn, or otherwise unavailable from any Rating Agency, or if any Authority Rating is reduced below "Baa2," "BBB" or "BBB" by any

of Moody's, S&P or Fitch, respectively, or upon the occurrence of and during the continuance of an Event of Default, in each such case the Commitment Fee Rate shall increase automatically by an additional 100 bps (1.00%) per annum above the Commitment Fee Rate otherwise in effect, without notice to the Authority. The Authority acknowledges that as of the Effective Date the Commitment Fee Rate is that specified above for Level 1.

(b) *Termination or Reduction Fee.* The Authority shall pay to the Lender a Reduction Fee or Termination Fee, as applicable, in connection with each permanent reduction or termination of the Available Commitment or Commitment pursuant to Section 2.7 hereof prior to the second anniversary of the Effective Date, in an amount equal to the Reduction Fee or Termination Fee, as applicable, payable on the date of such termination or each such reduction.

(c) *Amendment, Consent or Waiver Fee.* Upon each amendment hereof, consent or waiver hereunder or under any Related Document, the Authority shall pay or cause to be paid attorneys' fees and expenses, if any, incurred by the Lender in processing such amendment, consent or waiver and a fee in a minimum amount of \$2,500.

(d) *Draw Fee.* The Authority will pay to the Lender a non-refundable draw fee of \$250 for each Advance under this Agreement. The draw fee shall be payable on the date on which such Advance is made by the Lender.

(e) *Costs, Expenses and Taxes.* The Authority will promptly pay on demand (i) the reasonable fees, costs and expenses of the Lender incurred in connection with the preparation, negotiation, execution and delivery of this Agreement, the Notes and the other Related Documents, (ii) the fees and disbursements of Chapman and Cutler LLP, special U.S. counsel to the Lender, incurred in connection with the preparation, execution, filing and administration and delivery of this Agreement and the other Related Documents, (iii) the fees and disbursements of counsel or other reasonably required consultants to the Lender with respect to advising the Lender as to the rights and responsibilities under this Agreement and the other Related Documents after the occurrence of any Default or alleged Default hereunder, or an Event of Default, (iv) all costs and expenses, if any, in connection with any waiver or amendment of, or the giving of any approval or consent under, or any response thereto or the enforcement of this Agreement, the Related Documents and any other documents which may be delivered in connection herewith or therewith, including in each case the reasonable fees and disbursements of counsel to the Lender or other reasonably required consultants and (v) any amounts advanced by or on behalf of the Lender to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate. In addition, the Authority shall pay any and all stamp taxes, transfer taxes, documentary taxes, and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing, and recording of this Agreement and the security contemplated by the Related Documents (other than taxes based on the net income or share capital of the Lender) and agrees to indemnify and hold the Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying, or omission to pay, such taxes and fees, including interest and penalties thereon; *provided, however,* that the Authority may reasonably contest any such taxes or fees with the prior written consent of the Lender, which consent, if an Event of Default does not then exist, shall not be unreasonably

withheld. In addition, the Authority agrees to pay, after the occurrence of a Default, alleged Default or an Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Lender in enforcing any obligations or in collecting any payments due from the Authority hereunder by reason of such Default, alleged Default or Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any collection, insolvency, bankruptcy proceedings or other enforcement proceedings resulting therefrom.

(f) If the Authority shall fail to pay any amount payable under this Section 2.6 as and when due, each such unpaid amount shall bear interest for each day from and including the date it was due until paid in full at the applicable Default Rate. The obligations of the Authority under this Section 2.6 shall survive the termination of this Agreement.

Section 2.7. Reduction and Termination. (a) Subject to the provisions of Section 2.6(b) hereof, the Available Commitment shall be reduced from time to time as requested by the Authority within three (3) days of the Authority's written notice to the Lender requesting such reduction in the form of Exhibit E hereto; *provided*, that (i) each such reduction amount shall be in an amount equal to \$1,000,000 or an integral multiple thereof, and (ii) any reduction in the Available Commitment shall not be effective until the Lender delivers to the Authority a notice in the form attached hereto as Exhibit F reflecting such reduction.

(b) Subject to the provisions of Section 2.6(b) hereof, the Authority may at any time and at its sole option terminate the Commitment upon three (3) Business Days' prior written notice to the Lender. As a condition to any such termination, the Authority shall pay or cause to be paid all Obligations owed to the Lender (other than Term Loans which shall be payable pursuant to the terms of Section 4.5 hereof).

Section 2.8. Extension of Commitment Expiration Date. The Authority may request an extension of the Commitment Expiration Date in writing in the form of Exhibit C hereto not more than one (1) year prior to the then current Commitment Expiration Date and not less than 150 days prior to the then current Commitment Expiration Date. The Lender will make reasonable efforts to respond to such request within sixty (60) days after receipt of all information necessary, in the Lender's judgment, to permit the Lender to make an informed credit decision. If the Lender fails to definitively respond to such request within such 60-day period, the Lender shall be deemed to have refused to grant the extension requested. The Lender may, in its sole and absolute discretion, decide to accept or reject any such proposed extension and no extension shall become effective unless the Lender shall have consented thereto in writing in the form of Exhibit G hereto or otherwise. The Lender's consent, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory to the Lender (which may include, but shall not be limited to the delivery of a "no adverse effect opinion" of Bond Counsel to the Lender with respect to the tax-exempt status of the Tax-Exempt Loans).

Section 2.9. Funding Indemnity. In the event the Lender shall incur any loss, cost, or expense (including, without limitation, any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted to be acquired by

the Lender to make any Advance, Revolving Loan or Term Loan or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Lender) as a result of any optional payment or prepayment of any Advance, Revolving Loan or Term Loan on a date other than a Rate Reset Date for any reason, whether before or after default, then upon the demand of the Lender, the Authority shall pay to the Lender a payment or prepayment premium, as applicable in such amount as will reimburse the Lender for such loss, cost, or expense. If the Lender requests such payment or prepayment premium, as applicable, it shall provide to the Authority a certificate setting forth the computation of the loss, cost, or expense giving rise to the request for such payment or prepayment premium, as applicable in reasonable detail and such certificate shall be conclusive if reasonably determined.

Section 2.10. Payments. All payments to be made by the Authority shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Authority hereunder shall be made to the Lender at the Lender's Office in Dollars and in immediately available funds not later than 12:00 noon, California time, on the date specified herein. All payments received by the Lender after 12:00 noon, California time, shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Authority shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be. Notwithstanding anything herein to the contrary, where this Agreement provides for payment by the Authority to the Lender for any amount, the Authority may satisfy such obligation by causing the Trustee to pay such amount directly to the Lender from Subordinate Net Revenues under the Subordinate Trust Indenture.

ARTICLE III

REVOLVING LOANS

Section 3.1. Making of Revolving Loans. Each Advance shall constitute a loan made by the Lender to the Authority on the date of such Advance (individually, a "*Revolving Loan*" and collectively, the "*Revolving Loans*"). Each Revolving Loan shall constitute a Subordinate Obligation under the Master Subordinate Trust Indenture.

Section 3.2. Revolving Loans Evidenced by Notes. (a) The Non-AMT Revolving Loans shall be evidenced by a promissory note of the Authority to the Lender in substantially the form set forth in Exhibit A-1 hereto (as amended or supplemented from time to time, the "*Non-AMT Note*") to be issued on the Effective Date, payable to the Lender in a principal amount up to the Available Commitment on the Effective Date and otherwise duly completed. All Non-AMT Revolving Loans made by the Lender and all payments and prepayments made on account of principal thereof shall be recorded by the Lender on the schedule (or a continuation thereof) attached to the Non-AMT Note, it being understood, however, that failure by the Lender to make any such endorsement shall not affect the obligations of the Authority hereunder or under the Non-AMT Note in respect of unpaid principal and interest on any Non-AMT Revolving Loan. Each entry on the Non-AMT Note with respect to a Non-AMT Revolving Loan schedule shall reflect the applicable principal amount and the applicable interest rate.

(b) The AMT Revolving Loans shall be evidenced by a promissory note of the Authority to the Lender in substantially the form set forth in Exhibit A-2 hereto (as amended or supplemented from time to time, the "*AMT Note*") to be issued on the Effective Date, payable to the Lender in a principal amount up to the Available Commitment on the Effective Date and otherwise duly completed. All AMT Revolving Loans made by the Lender and all payments and prepayments made on account of principal thereof shall be recorded by the Lender on the schedule (or a continuation thereof) attached to the AMT Note, it being understood, however, that failure by the Lender to make any such endorsement shall not affect the obligations of the Authority hereunder or under the AMT Note in respect of unpaid principal and interest on any AMT Revolving Loan. Each entry on the AMT Note with respect to a AMT Revolving Loan schedule shall reflect the applicable principal amount and the applicable interest rate.

(c) The Taxable Revolving Loans shall be evidenced by a promissory note of the Authority to the Lender in substantially the form set forth in Exhibit A-3 hereto (as amended or supplemented from time to time, the "*Taxable Note*") to be issued on the Effective Date, payable to the Lender in a principal amount up to the Available Commitment on the Effective Date and otherwise duly completed. All Taxable Revolving Loans made by the Lender and all payments and prepayments made on account of principal thereof shall be recorded by the Lender on the schedule (or a continuation thereof) attached to the Taxable Note, it being understood, however, that failure by the Lender to make any such endorsement shall not affect the obligations of the Authority hereunder or under the Taxable Note in respect of unpaid principal and interest on any Taxable Revolving Loan. Each entry on the Taxable Note with respect to a Taxable Revolving Loan schedule shall reflect the applicable principal amount and the applicable interest rate.

Section 3.3. Interest on Revolving Loans. Each Loan made or maintained by the Lender shall bear interest during each Interest Period it is outstanding (computed on the basis of a year of 360 days and actual days elapsed) on the unpaid principal amount thereof. Each AMT Loan and each Non-AMT Loan shall bear interest at a rate per annum equal to the applicable Tax-Exempt LIBOR Rate for such Interest Period. Each Taxable Loan shall bear interest at a rate per annum equal to the applicable Taxable LIBOR Rate for such Interest Period. The initial Tax-Exempt LIBOR Rate or Taxable LIBOR Rate, as applicable, for a particular Advance relating to a Loan shall be determined by the Lender two New York Banking Days prior to the related Advance Date. Following the determination of the initial rate, the applicable Tax-Exempt LIBOR Rate or Taxable LIBOR Rate for the next succeeding Interest Period shall be determined by the Lender on the Computation Date immediately succeeding the Advance Date, and such rate shall be effective on the immediately succeeding Rate Reset Date. Thereafter the applicable Tax-Exempt LIBOR Rate or Taxable LIBOR Rate for the next succeeding Interest Period shall be determined by the Lender on the applicable Computation Date, and such rate shall be effective on the immediately succeeding Rate Reset Date. Interest on each Loan shall be payable by the Authority on each Interest Payment Date and on the Revolving Loan Maturity Date.

Section 3.4. Repayment of Revolving Loans. The principal of each Revolving Loan shall be repaid in full on the Revolving Loan Maturity Date; *provided*, that if the conditions to the making of the Term Loan set forth in Section 4.2 hereof are satisfied on the Revolving Loan Maturity Date, the principal of all Revolving Loans shall be paid from the proceeds of the applicable Term Loan.

Section 3.5. Prepayment of Revolving Loans. The Authority may prepay any Loan, in whole or in part, on a Rate Reset Date, without cost, penalty or premium, provided at least three (3) days' written notice is provided by the Authority to the Lender. Each such notice of optional prepayment shall be irrevocable and shall bind the Authority to make such prepayment in accordance with such notice. All prepayments of principal shall include accrued interest to the date of prepayment and all other amounts due pursuant to this Agreement.

ARTICLE IV

THE TERM LOAN

Section 4.1. Term Loan. The Authority shall have the option to convert (a) the unpaid principal amount of any Taxable Revolving Loan to a Taxable Term Loan, (b) the unpaid principal amount of any Non-AMT Revolving Loan to a Non-AMT Term Loan and (c) the unpaid principal amount of any AMT Revolving Loan to an AMT Term Loan, in each case on the Revolving Loan Maturity Date, if the conditions set forth in Section 4.2 hereof are satisfied on the Revolving Loan Maturity Date. Each Term Loan shall constitute a Subordinate Obligation under the Master Subordinate Trust Indenture.

Section 4.2. Conditions Precedent to Term Loan. The obligation of the Lender to convert the principal amount owed on a Revolving Loan to a Taxable Term Loan, a Non-AMT Term Loan or an AMT Term Loan, as applicable, shall be subject to the fulfillment of each of the following conditions precedent on or before the Revolving Loan Maturity Date in a manner satisfactory to the Lender:

(a) The following statements shall be true and correct on the Conversion Date, and the Lender shall have received a certificate incorporating by reference the definitions of the capitalized terms defined in this Agreement, signed by a Designated Representative and dated the Conversion Date, stating that:

(i) the representations and warranties of the Authority contained herein and in each of the other Related Documents and each certificate, letter, other writing or instrument delivered by the Authority to the Lender pursuant hereto or thereto are true and correct on and as of the Conversion Date as though made on and as of such date; and

(ii) no Default or Event of Default has occurred and is continuing as of such Conversion Date or would result from converting the Revolving Loans to a Term Loan as requested; and

(b) In the case of the conversion to a Tax-Exempt Term Loan, (A)(i) the Lender shall be satisfied that the opinion of Bond Counsel delivered pursuant to Section 2.4(a)(v) hereof remains in full force and effect with respect to such Tax-Exempt Term Loan or (ii) the Lender shall have received an opinion from Bond Counsel dated the date of such Term Loan as to the exclusion of interest on the Tax-Exempt Term

Loans from gross income for federal income tax purposes, in form and substance satisfactory to the Lender and (B) the Lender shall have received an opinion of Bond Counsel in form and substance satisfactory to the Lender that such conversion will not adversely affect the tax exempt status of the interest on any Tax-Exempt Loans.

Section 4.3. Term Loans Evidenced by Notes. (a) The principal amount of each Non-AMT Term Loan shall also be evidenced by the Non-AMT Note. Each Non-AMT Term Loan made by the Lender and all payments and prepayments on the account of the principal and interest of each Non-AMT Term Loan shall be recorded by the Lender on the schedule attached to the Non-AMT Note; *provided, however*, that the failure of the Lender to make any such endorsement or any error therein shall not affect the obligations of the Authority hereunder or under the Non-AMT Note in respect of unpaid principal and interest on each Non-AMT Term Loan.

(b) The principal amount of each AMT Term Loan shall also be evidenced by the AMT Note. Each AMT Term Loan made by the Lender and all payments and prepayments on the account of the principal and interest of each AMT Term Loan shall be recorded by the Lender on the schedule attached to the AMT Note; *provided, however*, that the failure of the Lender to make any such endorsement or any error therein shall not affect the obligations of the Authority hereunder or under the AMT Note in respect of unpaid principal and interest on each AMT Term Loan.

(c) The principal amount of each Taxable Term Loan shall also be evidenced by the Taxable Note. Each Taxable Term Loan made by the Lender and all payments and prepayments on the account of the principal and interest of each Taxable Term Loan shall be recorded by the Lender on the schedule attached to the Taxable Note; *provided, however*, that the failure of the Lender to make any such endorsement or any error therein shall not affect the obligations of the Authority hereunder or under the Taxable Note in respect of unpaid principal and interest on each Taxable Term Loan.

Section 4.4. Interest on Term Loan. Each Term Loan shall bear interest from the Conversion Date to the date such Term Loan is paid in full at a rate per annum equal to the Lender Rate as determined by the Lender pursuant to Section 2.5 hereof. Interest on each Term Loan shall be paid to the Lender monthly in arrears on each Interest Payment Date. Interest on each Term Loan shall be calculated on the basis of a year of 360 days based on the actual number of days elapsed.

Section 4.5. Repayment of Term Loan. The principal of each Term Loan shall be paid in installments payable on each Amortization Payment Date (each such payment, an "*Amortization Payment*"), with the final installment in an amount equal to the entire then-outstanding principal amount of such Term Loan to be paid in full on the Amortization End Date (the period commencing on the Conversion Date and ending on the Amortization End Date is herein referred to as the "*Amortization Period*"). Each Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Payments over the Amortization Period. The Authority acknowledges that the foregoing payment schedule may result in a final payment substantially higher than the preceding payments. Subject to Section

10.2(a)(ii) hereof, upon an Event of Default, the Lender may cause a mandatory redemption of the Notes hereunder and a corresponding mandatory prepayment of the Term Loans by delivering a written notice to the Trustee and the Authority that an Event of Default has occurred and is continuing and instructing the Trustee and the Authority that the Notes are subject to mandatory redemption under this Agreement and the Term Loans are subject to corresponding mandatory prepayment.

Section 4.6. Prepayment of Term Loan. The Authority may prepay each Term Loan, in whole or in part, on any Business Day, without cost, penalty or premium, provided at least three (3) days' written notice is provided by the Authority to the Lender. Each such notice of optional prepayment shall be irrevocable and shall bind the Authority to make such prepayment in accordance with such notice. All prepayments of principal shall include accrued interest to the date of prepayment and all other amounts due pursuant to this Agreement.

ARTICLE V

SECURITY AND PLEDGE

Section 5.1. Security and Pledge. (a) The Authority hereby grants to the Lender a Lien on and pledge of Subordinate Net Revenues to secure the payment of all Repayment Obligations and the Notes. The pledge of the Subordinate Net Revenues for Repayment Obligations and the Notes pursuant to this Section 5.1(a) is a valid and binding obligation of the Authority, on a *pari passu* basis with the holders of all other Subordinate Obligations. No filing, registration, recording or publication of this Agreement or the Subordinate Trust Indenture or any other instrument nor any prior separation or physical delivery of the Subordinate Net Revenues is required to establish the pledge provided for hereunder or under the Subordinate Trust Indenture or to perfect, protect or maintain the Lien created thereby on the Subordinate Net Revenues to secure the payment of Repayment Obligations and the payment of principal of and interest on the Notes.

(b) The Authority hereby grants to the Lender a Lien on and pledge of the Subordinate Net Revenues to secure all Obligations of the Authority under this Agreement on a *pari passu* basis with the holders of all other Subordinate Obligations. No filing, registration, recording or publication of this Agreement or the Subordinate Trust Indenture or any other instrument nor any prior separation or physical delivery of the Subordinate Net Revenues is required to establish the pledge provided for under this Agreement or the Subordinate Trust Indenture or to perfect, protect or maintain the Lien created thereby on the Subordinate Net Revenues to secure the Obligations hereunder.

ARTICLE VI

LIABILITY, INDEMNITY AND PAYMENT

Section 6.1. Liability of the Authority. The Authority and the Lender agree that the obligation of the Authority to pay the Obligations are contractual obligations of the Authority

payable solely from the Subordinate Net Revenues and shall not be affected by, and the Lender shall not be responsible for, among other things, (i) the validity, genuineness or enforceability of this Agreement, the Notes or documents, notices or endorsements relating thereto (even if this Agreement or any documents, notices endorsements relating thereto should in fact prove to be in any and all respects invalid, fraudulent or forged), (ii) the use to which the amounts disbursed by the Lender may be put, or (iii) any other circumstances or happenings whatsoever, whether or not similar to any of the foregoing.

Section 6.2. Indemnification by the Authority. (a) In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Authority hereby agrees (to the extent permitted by law) to indemnify and hold harmless the Lender and each Participant and their respective officers, directors and agents (each, an "Indemnatee") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys' fees) which may incur or which may be claimed against an Indemnatee by any Person or entity whatsoever (collectively, the "Liabilities") by reason of or in connection with (i) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (ii) the making of any Advances or any Loans; (iii) the use of the proceeds of the Notes, Advances or Loans; (iv) any breach by the Authority of any warranty, covenant, term or condition in, or the occurrence of any default under any of the Related Documents, together with all reasonable expenses resulting from the compromise or defense of any claims or liabilities arising as a result of any such breach or default; (v) any action or proceeding relating to a court order, injunction or other process or decree restraining or seeking to restrain the Lender from paying any amount under this Agreement (other than actions or proceedings instituted by or on behalf of the Lender); or (vi) any investigation, litigation or other proceeding (whether or not the Lender or any Participant is a party thereto) related to the entering into and/or each performance of any of the Related Document or the use of the proceeds of any Advance or any Loan under this Agreement; *provided* that the Authority shall not be required to indemnify an Indemnatee for any (i) claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnatee, or (ii) with respect to disputes solely between the Authority and the Lender; *provided* that the Authority shall only be liable to the Indemnatee to the extent, and only to the extent of any direct, as opposed to special, indirect consequential or punitive damages (the right to receive special, indirect, consequential or punitive damages being hereby waived). Nothing under this Section 6.2 is intended to limit the Authority's payment of the Obligations.

(b) Notwithstanding anything to the contrary contained in this Section 6.2, (i) the Authority shall have no obligation to indemnify an Indemnatee for damages that the Authority proves were caused solely out of the gross negligence or willful misconduct of such Indemnatee, as determined by a court of competent jurisdiction, and (ii) the Authority shall have a claim against the Lender, and the Lender shall be liable to the Authority, to the extent of any direct, as opposed to special, indirect, consequential, damages suffered by the Authority which the Authority proves were caused solely by such Indemnatee's gross negligence or willful misconduct, as determined by a court of competent jurisdiction.

(c) The obligations of the Authority under this Section 6.2 shall survive the payment of the Notes, the Loans and all other Obligations and the termination of this Agreement.

Section 6.3. Increased Costs. (a) If the Lender shall determine that any Change in Law now existing or hereafter adopted shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, or other acquisitions of funds by, the Lender, any Participant or any Noteholder;

(ii) subject the Lender, any Participant or any Noteholder to any Tax (except for Taxes on the overall net income or share capital of the Lender, such Participant or such Noteholder) of any kind whatsoever with respect to this Agreement, the Notes, the Advances, the Revolving Loans or the Term Loans or change the basis of taxation of payments to the Lender, such Participant or such Noteholder in respect thereof (except for Indemnified Taxes or Miscellaneous Taxes covered by Section 6.4 hereof and the imposition of, or any change in the rate of any Excluded Tax payable by the Lender, such Participant or such Noteholder;

(iii) impose upon the Lender, any Participant or any Noteholder any other condition or expense with respect to this Agreement, the Notes, the Advances, the Revolving Loans, or the Term Loans; and the result of any of the foregoing is to increase the cost to, reduce the income receivable by, or impose any expense (including loss of margin) upon the Lender, such Participant or such Noteholder with respect to this Agreement, the Notes, the Advances, the Revolving Loans or the Term Loans (or in the case of any capital adequacy or similar requirement, to have the effect of reducing the rate of return on the Lender's, any Participant's or any Noteholder's capital),

then the Lender shall from time to time notify, or cause to be notified, the Authority of the amount determined in good faith by the Lender, such Participant or such Noteholder, as applicable (which determination shall be conclusive absent manifest error) to be necessary to compensate the Lender, such Participant or such Noteholder, as applicable, for such increase, reduction or imposition. All references to a Lender, Participant or Noteholder in Sections 6.3(a), (b), (c) and (d) shall also be deemed to refer to the holding company or parent of the Lender, such Participant and such Noteholder.

(b) *Capital Requirements.* If the Lender, any Participant or any Noteholder determines that any Change in Law affecting the Lender, such Participant or such Noteholder, as applicable, or any of their parent or holding companies, if any, regarding capital requirements, has or would have the effect of reducing the rate of return on the Lender, such Participant or such Noteholder, or any of their parent or holding companies, holding, if any, as a consequence of this Agreement, or making, maintenance or funding of, any Loan hereunder, to a level below that which the Lender, such Participant or such Noteholder, or their respective parent or holding companies could have achieved but for such Change in Law (taking into consideration the Lender's, such

Participant's or such Noteholder's policies and the policies of their parent or holding companies with respect to capital adequacy, as applicable), then from time to time upon written request of the Lender as set forth in clause (c) of this Section, the Authority shall promptly pay to the Lender, such Participant or such Noteholder, as the case may be, such additional amount or amounts as will compensate the Lender, such Participant or such Noteholder, or their parent or holding companies, as applicable, for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of the Lender, any Participant or any Noteholder setting forth the amount or amounts necessary to compensate the Lender, such Participant or such Noteholder, or their parent or holding companies, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Authority, shall be conclusive absent manifest error. The Authority shall pay the Lender, such Participant or such Noteholder, as the case may be, the amount shown as due on any such certificate within sixty (60) days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of the Lender, such Participant or such Noteholder to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's, such Participant's or such Noteholder's right to demand such compensation.

(e) (i) In the event a Taxable Date occurs, the Authority hereby agrees to pay to the Lender, any Participant or the Noteholder on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to the Lender, such Participant or the Noteholder, as applicable, on any Tax-Exempt Loans during the period for which interest on such Tax-Exempt Loans, as applicable, is includable in the gross income of the Lender, such Participant or the Noteholder, as applicable, if such Tax-Exempt Loans had borne interest at the Taxable Rate, beginning on the Taxable Date (the "*Taxable Period*"), and (B) the amount of interest actually paid to the Lender, such Participant or the Noteholder, as applicable, during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by the Lender, any Participant or a Noteholder, as applicable, as a result of interest on the Tax-Exempt Loans becoming includable in the gross income of the Lender, such Participant or such Noteholder, as applicable, together with any and all reasonable attorneys' fees, court costs, or other out-of-pocket costs incurred by the Lender, such Participant or such Noteholder, as applicable, in connection therewith.

(ii) Subject to the provisions of clauses (iii) and (iv) below, the Lender shall afford the Authority the opportunity, at the Authority's sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on any Tax-Exempt Loan to be includable in the gross income of the Lender, any Participant or the Noteholder or (2) any challenge to the validity of the tax exemption with respect to the interest on any Tax-Exempt Loan, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals).

(iii) As a condition precedent to the exercise by the Authority of its right to contest set forth in clause (ii) above, the Authority shall, on demand, immediately reimburse the Lender, such Participant or the Noteholder, as applicable, for any and all expenses (including reasonable attorneys' fees for services that may be required or

desirable) that may be incurred by the Lender, such Participant or the Noteholder, as applicable, in connection with any such contest, and shall, on demand, immediately reimburse the Lender, such Participant or the Noteholder, as applicable, for any and all penalties or other charges payable by the Lender, such Participant or the Noteholder, as applicable, for failure to include such interest in its gross income; and

(iv) The obligations of the Authority under this Section 6.3 shall survive the termination of the Commitment and this Agreement.

Section 6.4. Taxes.

(a) *Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.* Any and all payments by or on account of any obligation of the Authority hereunder or under the Notes shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Miscellaneous Taxes; provided that if the Authority shall be required by Applicable Law to deduct any Indemnified Taxes (including any Miscellaneous Taxes) from such payments, then (i) to the fullest extent permitted by Applicable Law, the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Lender, such Participant or such Noteholder receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Authority shall make such deductions and (iii) the Authority shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) *Payment of Miscellaneous Taxes by the Authority.* Without limiting the provisions of paragraph (a) above, the Authority shall timely pay any Miscellaneous Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) *Indemnification by the Authority.* The Authority, to the fullest extent permitted by law, shall indemnify the Lender, each Participant and each Noteholder, within sixty (60) days after demand therefor, for the full amount of any Indemnified Taxes or Miscellaneous Taxes (including Indemnified Taxes or Miscellaneous Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Lender, such Participant or such Noteholder and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Miscellaneous Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate stating the amount of such payment or liability delivered to the Authority by the Lender shall be conclusive absent manifest error. In addition, the Authority shall indemnify the Lender, any Participant and the other Noteholder, within ten (10) days after demand therefor, for any additional amounts that the Lender, any Participant or any Noteholder is required to pay as a result of any failure of the Authority to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Lender, any Participant and the other holders of a Note, as applicable, pursuant to clause (d), documentation evidencing the payment of Taxes.

Prior to claiming compensation pursuant to this subsection (c), the Lender, the Participant or the holder of the Note, as applicable, will use reasonable efforts to investigate the alternatives (if any) for avoiding the need for, or the reduction of the amount of, such compensation, and the

Lender, the Participant or the holder of the Note, as applicable, shall take all reasonable steps to so avoid the need for, or reduce the amount of such compensation, *provided that*, none of the Lender, the Participant or the holder of the Note shall be obligated to take any steps that are adverse to its business or operations or inconsistent with its policies. The Lender, the Participant and the holder of the Note, as applicable, agrees to repay the Authority any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the Authority pursuant to this subsection (c) received by the Lender, the Participant or the holder of the Note, as applicable, for Taxes or Other Taxes that were paid by the Authority pursuant to this subsection (c).

(d) *Evidence of Payments.* As soon as practicable after any payment of Indemnified Taxes or Miscellaneous Taxes by the Authority to a Governmental Authority, the Authority shall deliver to the Lender, such Participant or such holder of the Note, as applicable, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender, such Participant or such holder of the Note, as applicable.

(e) *Treatment of Certain Refunds.* If the Lender, any Participant or any Noteholder determines, in its sole discretion, that it has received a refund of any Taxes or Miscellaneous Taxes as to which it has been indemnified pursuant to this Section (including additional amounts paid by the Authority pursuant to this Section), it shall pay to the Authority an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, under this Section with respect to the Taxes or Miscellaneous Taxes giving rise to such refund), net of all out-of-pocket expenses of the Lender, such Participant or such Noteholder, as applicable, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided that* the Authority, upon the request of the Lender, such Participant or such holder of the Note, as applicable, agrees to repay the amount paid over pursuant to this Section (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender, such Participant or such holder of the Note, as applicable, in the event the Lender, such Participant or such holder of the Note, as applicable, is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will the Lender, such Participant or such holder of the Note, as applicable, be required to pay any amount to the Authority pursuant to this paragraph (e) the payment of which would place the Lender, such Participant or such holder of the Note, as applicable, in a less favorable net after-Tax position than the Lender, such Participant or such holder of the Note, as applicable, would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Lender, such Participant or such Noteholder, as applicable, to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Authority or any other Person.

(f) *Survival.* Without prejudice to the survival of any other agreement of the Authority hereunder, the agreements and obligations of the Authority contained in this Section shall survive the termination of this Agreement and the payment in full of the Notes and the Obligations of the Authority thereunder and hereunder.

(g) *Status of Lenders; Tax Documentation.* (i) If the Lender, a Participant or a holder of the Note is entitled to an exemption from or reduction of withholding Taxes with respect to payments made hereunder or under any Related Document, the Lender, such Participant or such holder of the Note, as applicable, shall deliver to the Authority at the time or times reasonably requested by the Authority, such properly completed and executed documentation reasonably requested by the Authority or as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, the Lender, such Participant or such holder of the Note if reasonably requested by the Authority, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Authority as will enable the Authority to determine whether or not the Lender, such Participant or such holder of the Note is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 6.4(g)(ii) below) shall not be required if, in the Lender's, such Participant's or such Noteholder's reasonable judgment, such completion, execution or submission would subject the Lender, such Participant or such holder of the Note to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of the Lender, such Participant or such holder of the Note.

(ii) Without limiting the generality of the foregoing, if the Authority is resident for tax purposes in the United States, the Lender, such Participant or such holder of the Note shall deliver to the Authority (and from time to time thereafter upon the reasonable request of the Authority), executed originals of IRS Form W-9 certifying that the Lender, such Participant or such holder of the Note, as applicable, is exempt from U.S. federal backup withholding tax.

Section 6.5. Calculation of Interest and Fees; Maximum Interest Rate; Default Rate.

(a) Interest on Loans and fees payable hereunder shall be calculated on the basis of a year of 360 days based on the actual number of days elapsed.

(b) Any and all amounts remaining unpaid when due under this Agreement shall bear interest at the Default Rate until repaid and shall be payable upon demand. Any such amounts which constitute interest remaining unpaid when due shall be added to principal, and such interest shall, in turn, bear interest at the Default Rate until repaid and shall be payable upon demand. Upon the occurrence and during the continuance of an Event of Default, the Loans and all other Obligations shall bear interest at the Default Rate, which shall be payable by the Authority to the Lender upon demand therefor and be calculated on the basis of a 360-day year and actual days elapsed.

(c) In the event that the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof and (B) the Maximum Rate (the "*Excess Interest Amount*"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the Authority shall pay to the Lender, with respect to amounts then payable to the Lender that are required to accrue interest hereunder, such portion of the deferred Excess Interest Amount as will cause the rate of interest then paid to the Lender, to equal the Maximum Rate,

which payments of deferred Excess Interest Amount shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest Amount is fully paid to the Lender. Notwithstanding the foregoing, on the date on which no principal amount with respect to the Loans remains unpaid, the Authority shall pay to the Lender a fee equal to any accrued and unpaid Excess Interest Amount.

(d) All amounts paid pursuant to this Agreement shall be non-refundable and shall be paid in immediately available funds.

Section 6.6. Liability of the Lender. Neither the Lender nor any of its officers, directors, employees, representatives or agents shall be liable or responsible for (i) the use which may be made of any Advances, any Loans or this Agreement or for any acts, omissions, errors, interruptions, delays in transmission, dispatch or delivery of any message or advice, however transmitted, of the Lender in connection with this Agreement, any Advances, any Loans or the Notes, (ii) any action, inaction or omission which may be taken by the Lender in connection with this Agreement, any Advances, any Loans or the Notes, (iii) the validity, sufficiency or genuineness of documents, or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged, (iv) payment by the Lender against presentation of documents which do not comply with the terms of this Agreement or a Request for Advance, including failure of any documents to bear any reference or adequate reference to this Agreement, or (v) any other circumstances whatsoever in making or failing to make payment under this Agreement or pursuant to a Request for Advance, except for acts or events described in the immediately preceding clauses (i) through (v), to the extent, but only to the extent, of any direct, as opposed to special, indirect, consequential or punitive, damages (the right to receive special, indirect, consequential or punitive damages being hereby waived) suffered by it which the Authority proves were caused by (y) the Lender's willful misconduct or gross negligence in determining whether documents presented under this Agreement comply with the terms of this Agreement or (z) the Lender's failure to pay hereunder after the presentation to it of a Request for Advance strictly complying with the terms and conditions of this Agreement. The Authority further agrees that any action taken or omitted by the Lender under or in connection with this Agreement or the related draft or documents, if done without willful misconduct or gross negligence, shall be effective against the Authority as to the rights, duties and obligations of the Lender and shall not place the Lender under any liability to the Authority. In furtherance and not in limitation of the foregoing, the Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 6.7. Obligations Unconditional. The Authority's obligation to repay the Revolving Loans and the Term Loans and all of its other Obligations under this Agreement shall be absolute and unconditional under any and all circumstances, including without limitation: (a) any lack of validity or enforceability of this Agreement, the Notes or any of the other Related Documents; (b) any amendment or waiver of or any consent to departure from all or any of the Related Documents; (c) the existence of any claim, set-off, defense or other right which the Authority may have at any time against the Lender or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or (d) any other circumstance or happening

whatsoever, whether or not similar to any of the foregoing; and irrespective of any setoff, counterclaim or defense to payment which the Authority may have against the Lender, any Participant, or any other Person, including, without limitation, any defense based on the failure of any nonapplication or misapplication of the proceeds of Advances hereunder, and irrespective of the legality, validity, regularity or enforceability of this Agreement, the Notes or any or all other Related Documents, and notwithstanding any amendment or waiver of (other than an amendment or waiver signed by the Lender explicitly reciting the release or discharge of any such obligation), or any consent to, or departure from, this Agreement, the Notes or any or all other Related Documents or any exchange, release, or nonperfection of any collateral securing the obligations of the Authority hereunder; *provided, however*, that nothing contained in this Section 6.7 shall abrogate or otherwise affect the rights of the Authority pursuant to Section 6.6 hereof.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to enter into this Agreement, the Authority makes the following representations and warranties to the Lender:

Section 7.1. Organization; Existence. The Authority is duly organized and validly existing as a local government entity of regional government organized and existing pursuant to the Act.

Section 7.2. Power and Authority. The Authority has (and had at the time of adoption, execution, delivery, issuance, sale or performance) full power, right and authority to (a) execute, deliver and perform its obligations under this Agreement and each of the Related Documents to which it is a party, and any and all instruments and documents required to be executed, adopted or delivered pursuant to or in connection herewith or therewith; (b) borrow amounts hereunder and to execute, deliver and perform its obligations under the Notes and to repay the Obligations at the times and in the manner set forth herein; (c) possess, manage and operate the Airport System and carry on its business as now conducted; and (d) perform each and all of the matters and things herein and therein provided for and the Authority has complied in all material respects with the laws of the State in all matters relating to such execution, delivery and performance.

Section 7.3. Due Authorization. This Agreement, the Subordinate Trust Indenture and each of the Related Documents to which the Authority is a party have been duly authorized, executed, issued and delivered. This Agreement, the Subordinate Trust Indenture, the Notes and each of the Related Documents to which the Authority is a party constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as such enforceability may be limited by the valid exercise of judicial discretion and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium, or other similar laws and equitable principles relating to or affecting creditors' rights generally from time to time in effect. The Obligations are payable from and secured by Subordinate Net Revenues as set forth herein and in the Subordinate Trust Indenture. The Notes will be duly issued, executed and delivered in conformity with the Act and

the Subordinate Trust Indenture, and constitute legal, valid and binding special obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and entitled to the benefit and security of the Subordinate Trust Indenture.

Section 7.4. Necessary Actions Taken. The Authority has taken all actions necessary to be taken by it (a) for the execution and delivery of the Notes as Subordinate Obligations; (b) for the execution, adoption and delivery by the Authority of any and all instruments and the taking of all such other actions on the part of the Authority as may be necessary or appropriate for the effectuation and consummation of the transactions on the part of the Authority contemplated by this Agreement and the Related Documents or in connection herewith or therewith; and (c) to authorize or approve, as appropriate, the execution or adoption, issuance and delivery of, and the performance of its obligations under and the transactions contemplated by this Agreement and each of the Related Documents to which it is a party and the payment of the Obligations and the Notes at the times and in the manner set forth.

Section 7.5. No Contravention. The execution and delivery of this Agreement and each of the Related Documents to which the Authority is a party and compliance with the provisions hereof and thereof, will not conflict with or result in a violation of the Constitution or the laws of the State, including any debt limitations or other restrictions or conditions on the debt issuing power of the Authority, and will not conflict with or result in a violation of, or breach of, or constitute a default under, any law, judgment, order, decree or administrative regulation or any of the terms, conditions or provisions of the Act, the Master Senior Trust Indenture or the Subordinate Trust Indenture or any ordinance, judgment, decree, contract, loan agreement, note, bond, resolution, indenture, mortgage, deed of trust or other agreement or instrument to which the Authority is a party or by which it or any property of the Authority is bound and will not, except as expressly provided herein, result in the imposition or creation of any lien, charge, or encumbrance upon or invalidate or adversely affect in any way the Subordinate Net Revenues. The Authority has not received any notice, not subsequently withdrawn, given in accordance with the remedy provisions of any bond resolution or ordinance, trust indenture, guarantee or agreement or State law pertaining to bonds or notes secured by the Subordinate Net Revenues, of any default or event of default of the Authority which has not been cured, remedied or waived.

Section 7.6. Compliance. The current collection of Subordinate Net Revenues and the management of the Airport System and the accounting and recordkeeping therefor are in material compliance with all applicable state and federal laws and all applicable resolutions, ordinances and rules of the Authority. The Authority is in compliance with the terms and conditions of the Subordinate Trust Indenture and each of the Related Documents to which it is a party, and no breach of the terms hereof or thereof has occurred and is continuing, and no Default or Event of Default has occurred and is continuing.

Section 7.7. No Default. No default by the Authority has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any bond, note or other

evidence of indebtedness issued by the Authority and secured by the Subordinate Net Revenues. No bankruptcy, insolvency or other similar proceedings pertaining to the Authority or any agency or instrumentality of the Authority are pending or presently contemplated.

Section 7.8. No Public Vote, Referendum or Legal Change. (a) To the best knowledge of the Authority, there is no proposed amendment to the Constitution of the State or any proposed public vote, referendum or other ballot initiative, the effect of which could reasonably be expected to have a Material Adverse Effect.

(b) There is no amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any public vote or referendum or other ballot initiative or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect.

Section 7.9. No Immunity. Under existing law, the Authority is not entitled to raise the defense of sovereign or governmental immunity in connection with any legal proceedings to enforce or collect upon this Agreement, the Related Documents or the transactions contemplated hereby or thereby, including the payment of the Obligations; *provided, however*, that a claimant shall be required to comply with the provisions of the Tort Claims Act set forth in California Government Code Section 810 *et seq.* in tort or contract suits, actions or proceedings brought against the Authority.

Section 7.10. Litigation. There is no action, investigation, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the Authority or the Airport System or any arbitration in which service of process has been completed against the Authority or the Airport System or, to the knowledge of the Authority, any other action, investigation, suit or proceeding pending or threatened in any court, any other governmental authority with jurisdiction over the Authority or the Airport System or any arbitration, in either case against the Authority or the Airport System or any of their respective properties or revenues, or any of the Related Documents to which it is a party, which if determined adversely to the Authority would adversely affect (A) the legality, validity or enforceability of this Agreement, the Notes or the Related Documents to which it is a party, (B) the validity, enforceability or perfection of the pledge of and lien on the Subordinate Net Revenues or on the amounts held in funds, accounts and subaccounts under the Subordinate Trust Indenture, (C) the status of the Authority as a local government entity of regional government, organized and validly existing under the laws of the State, (D) the exemption of interest on the Tax-Exempt Loans from the gross income of the recipients thereof for Federal income tax purposes, or (E) the rights and remedies of the Lender under any of the Related Documents or which is reasonably likely to have a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Effective Date as to which the Lender has received an opinion of counsel satisfactory to the Lender, in form and substance satisfactory to the Lender and its counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 7.11. Disclosure. All information, reports and other papers and data with respect to the Authority furnished to the Lender, at the time the same were so furnished, were accurate in

all material respects. Any financial, budget and other projections furnished to the Lender were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections.

Section 7.12. Financial Information. The Authority has delivered to the Lender a copy of the audited financial statements for the Authority and the Airport System for the fiscal year ended June 30, 2013. These together with related notes, fairly present the financial position and results of operation of the Authority and the Airport System as of the date and for the periods therein set forth. All such financial statements have been prepared in accordance with GAAP. There has been no material adverse change in the financial position, including the Net Revenues and Subordinate Net Revenues, results of operations or projections of revenues of the Airport System since June 30, 2013, except as disclosed in writing to the Lender prior to the Effective Date, which would be reasonably likely to result in a Material Adverse Effect. The Authority has no material contingent liabilities or other material contracts or commitments payable from Subordinate Net Revenues which are not reflected in such financial statements previously delivered to the Lender or in the notes thereto or otherwise as disclosed to the Lender.

Section 7.13. Official Signatures. The Authorized Authority Representative has and had full power and authority to execute, deliver and perform under this Agreement and each of the Related Documents to which the Authority is a party. Any agreement, certificate or request signed by or on behalf of any Authorized Authority Representative or Designated Representative and delivered to the Lender shall be deemed a representation and warranty by the Authority to the Lender as to the truth, accuracy and completeness of the statements made by the Authority therein.

Section 7.14. Incorporation of Representations and Warranties by Reference. The Authority hereby makes to the Lender the same representations and warranties made by the Authority in each Related Document to which the Authority is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Lender with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. Except as permitted by Section 8.15 hereof, no amendment to such representations and warranties or defined terms made pursuant to any Related Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Lender.

Section 7.15. Environmental Matters. To the best knowledge of the Authority, the operations of the Airport System (i) have not become subject to any Environmental Liability nor does the Authority know of any basis for any Environmental Liability and (ii) are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations (including all Environmental Laws) and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action would have

a Material Adverse Effect. The Authority has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law.

Section 7.16. Security; Pledge of Subordinate Net Revenues Securing Obligations. The Master Subordinate Trust Indenture creates, for the benefit of the Lenders and the Noteholders, with respect to the payment of the principal of and interest on the Loans, the Notes and the Obligations, the legally valid, binding and irrevocable lien on and pledge of the Subordinate Net Revenues. There is no lien on the Subordinate Net Revenues other than the liens created by the Subordinate Trust Indenture. None of the Master Senior Trust Indenture, the Master Subordinate Trust Indenture or the Third Supplemental Subordinate Trust Indenture permit the issuance of any Debt secured by the Subordinate Net Revenues to rank senior to the payment of the principal of and interest on the Subordinate Obligations, the Notes, the Loans, Advances or the Obligations, other than the Senior Lien Revenue Bonds and reserves established with respect to the Senior Lien Revenue Bonds. The payment of the Obligations ranks on a parity with the payment of the principal of and interest on the Subordinate Obligations and is not subordinate to any payment secured by a lien on the Subordinate Net Revenues or any other claim other than payments with respect to the principal of, purchase price, premium, if any, and interest on the Senior Lien Revenue Bonds and the funding of reserves therefor as set forth in the Master Senior Trust Indenture and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien. No filing, registration, recording or publication of the Master Senior Trust Indenture, the Subordinate Trust Indenture or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the lien created thereby on the Subordinate Net Revenues to secure the Notes, the Loans, Advances and the Obligations. As of the Effective Date, there is no indebtedness of the Authority payable from or secured by the Subordinate Net Revenues or amounts held in funds, accounts or subaccounts under the Subordinate Trust Indenture or any portion thereof on a basis that is on a parity with the Obligations (including the Repayment Obligations and the Notes) other than the Subordinate Obligations existing as of the Effective Date. The Obligations and the Notes constitute "Subordinate Obligations" for purposes of the Subordinate Trust Indenture.

Section 7.17. Tax Exempt Status of Tax-Exempt Loans. The Authority has not taken any action and knows of no action that any other Person has taken which would cause interest on any Tax-Exempt Loan to be included in the gross income of the recipients thereof for Federal income tax purposes.

Section 7.18. Margin Regulations. The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Advances, the Loans or the Notes or any amounts furnished by the Lender pursuant to a Request for Advance will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

Section 7.19. The Notes. The Notes will be duly issued and the Notes and the Repayment Obligations shall constitute Subordinate Obligations under the Subordinate Trust Indenture and will be entitled to the benefits thereof.

Section 7.20. Pari Passu. Under the laws of the State, the obligation of the Authority under this Agreement to pay interest at the Taxable LIBOR Rate, the Tax-Exempt LIBOR Rate, the Lender Rate, the Default Rate or the Taxable Rate as set forth herein constitutes a charge and lien on the Subordinate Net Revenues equal to and on a parity with the charge and lien upon the Subordinate Net Revenues for the payment of the Repayment Obligations and the principal of and interest on the Notes and all other Subordinate Obligations under the Subordinate Trust Indenture, and, with respect to Net Revenues, subordinate only to the Senior Lien Revenue Bonds and reserves relating thereto.

Section 7.21. Maximum Rate. The terms of the Related Documents (including the Notes) regarding the calculation of interest and fees do not violate any applicable usury laws.

Section 7.22. Valid Lien. The Authority's irrevocable pledge of the Subordinate Net Revenues and amounts hereunder and under the Subordinate Trust Indenture and in the funds, accounts and subaccounts established and maintained under the Subordinate Trust Indenture to and for the payment of the Obligations of the Authority under this Agreement and for the payment of the Repayment Obligations and the Notes is valid and binding and no further acts, instruments, approvals or consents are necessary for the creation, validity or perfection thereof. The provisions of the Subordinate Trust Indenture constitute a contract between the Authority and the Lender subject to the provisions of the Subordinate Trust Indenture, and the Lender, may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Authority as a result of issuing the Notes.

Section 7.23. ERISA; Plans; Employee Benefit Plans. The Authority is not subject to ERISA and maintains no Plans.

Section 7.24. Solvency. After giving effect to the issuance of the Notes and the other obligations contemplated by this Agreement, the Authority is solvent, having assets of a fair value which exceeds the amount required to pay its debts (including contingent, subordinated, unmatured and unliquidated liabilities) as they become absolute and matured, and the Authority is able to and anticipates that it will be able to meet its debts as they mature and has adequate capital to conduct its business in which it is engaged.

Section 7.25. Anti-Terrorism Laws. Neither the Authority nor any of Affiliates thereof is in violation of any Laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act;

(i) neither the Authority nor any Affiliate thereof is any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person with which the Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(E) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset Control (“OFAC”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list; and

(ii) to the best of the Authority’s knowledge neither the Authority nor any Affiliate thereof (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (i) above, (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

ARTICLE VIII

COVENANTS OF THE AUTHORITY

The Authority will do the following so long as the Commitment is outstanding or any Obligations remain outstanding under this Agreement, unless the Lender shall otherwise consent in writing:

Section 8.1. Maintenance of Existence. To the extent permitted by law, the Authority shall maintain its existence pursuant to the Act and the laws of the State and at all times maintain its ownership of the Airport System.

Section 8.2. Reports, Certificates and Other Information. The Authority shall furnish or cause to be furnished to the Lender copies of:

(a) as soon as available, but in any event within one hundred eighty-one (181) days after the end of each Fiscal Year, the annual audited financial statements for the Authority together with the opinion of the Authority’s independent accountants and a certificate from the Executive Director or the Vice President, Finance and Asset Management/Treasurer addressed to the Lender demonstrating compliance with Section 8.7 hereof and stating that neither a Default nor an Event of Default has occurred

which was continuing at the end of such Fiscal Year or on the date of his certification, or, if such an event has occurred and was continuing at the end of such Fiscal Year or on the date of his certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto;

(b) as soon as available, but in any event within sixty (60) days after December 31 of each year, a copy of the unaudited financial statements of the Authority for the six months ended on such December 31, accompanied by a certification from the Executive Director or the Vice President, Finance and Asset Management/Treasurer addressed to the Lender stating that neither a Default nor an Event of Default has occurred which was continuing at the end of such six month period or on the date of the certification, or, if such an event has occurred and was continuing at the end of such six month period or on the date of the certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto;

(c) as soon as available, but in any event within thirty (30) days following the approval thereof, the Authority Budget and annual appropriation resolution for the Authority;

(d) as soon as available, all notices, certificates, instruments, letters and written commitments in connection with the Revolving Obligations provided to the Trustee other than those notices, certificates, instruments, letters and written commitments that relate solely to the routine issuance and payment of the Revolving Obligations;

(e) within ten (10) days after the issuance by the Authority of any Senior Lien Revenue Bonds secured by Net Revenues or any Subordinate Obligations secured by Subordinate Net Revenues, with respect to which a final official statement or other offering circular has been prepared by the Authority, the Authority will provide to the Lender notice of such issuance and a copy of such official statement or offering circular (or a link to EMMA with respect to such official statement or offering circular);

(f) (i) promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and within five (5) days thereafter, a certificate signed by a Designated Representative specifying in reasonable detail the nature and period of existence thereof and what action the Authority has taken or proposes to take with respect thereto; and (ii) promptly following a written request of the Lender, a certificate of a Designated Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement;

(g) as promptly as practicable, written notice to the Lender of all litigation served against the Authority and all proceedings before any court or governmental authority which could reasonably be expected to have a Material Adverse Effect or of any other event which is likely to have a Material Adverse Effect; and

(h) such other information regarding the affairs and condition of the Authority and the Airport System as the Lender may from time to time reasonably request; *provided* that the Authority shall not be required to furnish such information if doing so violates applicable law as reasonably construed.

Section 8.3. Maintenance of Books and Records. The Authority will keep, and cause to be kept, proper books of record and account in which full, true and correct entries in accordance with the Authority's budget basis accounting principles and reporting practices will be made of all dealings or transactions in relation to its activities.

Section 8.4. Access to Books and Records. To the extent permitted by law, the Authority will permit any Person designated by the Lender (at the expense of the Lender) to visit any of the offices of the Authority to examine the books and financial records (except books and financial records the examination of which by the Lender is prohibited by law or subject to some privilege), including minutes of meetings of any relevant governmental committees or agencies, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Authority with their principal officials, all at such reasonable times and as often as the Lender may reasonably request.

Section 8.5. Compliance with Documents. The Authority agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in each of the Related Documents to which it is a party, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Lender and shall be enforceable against the Authority. To the extent that any such incorporated provision permits the Authority or any other Person to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Authority or any Person, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Lender in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Lender which shall only be evidenced by the written approval by the Lender of the same. Except as permitted by Section 8.15 hereof, no termination or amendment to such covenants and agreements or defined terms or release of the Authority with respect thereto made pursuant to any of the Related Documents to which the Authority is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the Authority with respect thereto in each case as incorporated by reference herein without the prior written consent of the Lender. Notwithstanding any termination or expiration of any such Related Document to which the Authority is a party, the Authority shall, unless such Related Document has terminated in accordance with its terms and has been replaced by a new Related Document, continue to observe the covenants therein contained for the benefit of the Lender until the termination of this Agreement. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

Section 8.6. Compliance with Law. The Authority shall comply with and observe the obligations and requirements set forth in the Constitution of the State of California and in all statutes and regulations binding upon it relating to the Airport System and the Related Documents to which the Authority is a party.

Section 8.7. Rate Covenant. The Authority covenants and agrees that it shall take any and all action necessary such that Revenues and Subordinate Net Revenues in each Fiscal Year shall equal an amount at least sufficient to satisfy the provisions of Section 5.04 of the Master Subordinate Trust Indenture.

Section 8.8. Further Assurances. From time to time hereafter, the Authority will execute and deliver such additional instruments, certificates or documents, and will take all such actions as the Lender may reasonably request for the purposes of implementing or effectuating the provisions of the Related Documents to which the Authority is a party or for the purpose of more fully perfecting or renewing the rights of the Lender with respect to the rights, properties or assets subject to such documents (or with respect to any additions thereto or replacements or proceeds thereof or with respect to any other property or assets hereafter acquired by the Authority which may be deemed to be a part thereof). Upon the exercise by the Lender of any power, right, privilege or remedy pursuant to the Related Documents to which the Authority is a party which requires any consent, approval, registration, qualification or authorization of any governmental authority or instrumentality, the Authority will, to the extent permitted by law, execute and deliver all necessary applications, certifications, instruments and other documents and papers that the Lender may be required to obtain for such governmental consent, approval, registration, qualification or authorization.

Section 8.9. No Impairment. The Authority will neither take any action, nor cause any Person to take any action, under any Related Document which would materially adversely affect the rights, remedies or security of the Lender under this Agreement or any other Related Document or which could result in a Material Adverse Effect.

Section 8.10. Application of Proceeds. The Authority will not take or omit to take any action, which action or omission will in any way result in the proceeds from any Loan being applied in a manner other than as provided in the Subordinate Trust Indenture, the Tax Certificate and this Agreement.

Section 8.11. Reserved.

Section 8.12. Reserved.

Section 8.13. Limitation on Additional Debt. The Authority will not issue any additional Subordinate Obligations payable from or secured by Subordinate Net Revenues (other than the Revolving Obligations issued in accordance with the provisions of the Third Supplemental Subordinate Trust Indenture and this Agreement) unless the Authority complies with the provisions of Section 2.11 of the Master Subordinate Trust Indenture. Within ten (10) days after the issuance by the Authority of any Subordinate Obligations secured by Subordinate Net Revenues, the Authority will provide the Lender copies of the certificates required to be

delivered by the Authority pursuant to Section 2.09(d) and (e) of the Master Subordinate Trust Indenture.

Section 8.14. Maintenance of Tax Exempt Status. The Authority will not take any action or omit to take any action that, if taken or omitted, would adversely affect the exclusion of interest on any Tax-Exempt Loan from the gross income of any Holder for Federal income tax purposes; *provided, however*, that the Authority shall not be in violation of the provisions of this Section 8.14 as a result of a Holder being a “substantial user” of the projects financed or refinanced with proceeds of an AMT Loan or a “related person” for purposes of Section 147(a) of the Code.

Section 8.15. Amendments to Master Senior Trust Indenture, Master Subordinate Trust Indenture and Other Related Documents. The Authority will not amend or modify, or permit to be amended or modified in any manner whatsoever (i) Sections 2.11, 4.01, 4.02 (excluding clauses (vi) and (vii) of subparagraph (b) thereof), 5.03, 5.04, 5.06, 5.08, 5.09 or 5.12 of the Master Senior Trust Indenture and Sections 2.11, 4.01, 5.05, 5.07 and 5.08 of the Master Subordinate Trust Indenture, in each case without the prior written consent of the Lender nor shall it amend, modify or supplement any other provision of the Master Senior Trust Indenture or the Master Subordinate Trust Indenture (other than those set forth above) in a manner which would have a material adverse effect upon the Authority’s ability to perform its obligations under this Agreement or to repay indebtedness that is secured by the Subordinate Net Revenues or which adversely affects the security for the Notes or the Authority’s ability to repay when due the Obligations or the rights or remedies of the Lender under the Related Documents or hereunder; or (ii) any other Related Document without the prior written consent of the Lender.

Section 8.16. Maintenance of Insurance. The Authority covenants and agrees that it shall comply with Section 5.10 of the Master Senior Trust Indenture.

Section 8.17. [Reserved].

Section 8.18. Taxes and Liabilities. The Authority shall pay all its indebtedness and obligations promptly and in accordance with their terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, which default could have a Material Adverse Effect; *provided* that the Authority shall have the right to defer payment or performance of obligations to Persons other than the Lender so long as it is contesting in good faith the validity of such obligations by appropriate legal action and no final order or judgment has been entered with respect to such obligations.

Section 8.19. Trustee. Unless otherwise consented to in writing by the Lender, the Authority shall ensure that any replacement Trustee shall have capital of not less than \$500,000,000, and such Trustee or its respective parent organization shall have an underlying rating from Moody’s and S&P of at least “A2” (or its equivalent) and “A” (or its equivalent), respectively.

Section 8.20. Waiver of Sovereign Immunity. The Authority hereby agrees not to assert the defense of any future right of sovereign or governmental immunity in any legal proceeding to enforce or collect upon the obligations of the Authority under this Agreement or any other Related Document or the transactions contemplated hereby or thereby.

Section 8.22. Credit Facilities. (i) In the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides such Person with additional or more restrictive covenants (including without limitation financial covenants) and/or additional or more restrictive events of default (collectively, the “*Additional Rights*”) than are provided to the Lender in this Agreement, then, upon the occurrence of an event of default (without regard to a waiver of such event of default) under such agreement (or amendment thereto) caused by such Additional Rights, such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Lender shall have the benefits of such Additional Rights; *provided, however*, that such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Lender shall have the benefits of such Additional Rights only from and after the occurrence of an event of default under the related Bank Agreement caused by the Additional Rights or a failure by the Authority to comply with such Additional Rights. The Authority shall promptly, upon the occurrence of an event of default (without regard to a waiver of such event of default) under the related Bank Agreement caused by such Additional Rights or a failure by the Authority to comply with such Additional Rights, enter into an amendment to this Agreement to include such Additional Rights, *provided* that the Lender shall maintain the benefit of such Additional Rights even if the Authority fails to provide such amendment. If the Authority shall amend the related Bank Agreement such that it no longer provides for such Additional Rights, then, without the consent of the Lender, this Agreement shall automatically no longer contain the related Additional Rights and the Lender shall no longer have the benefits of any of the related Additional Rights.

(ii) In the event that the Authority shall enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides for any term or provision which permits any outstanding advance, loan or drawing to be amortized over a period shorter than the Amortization Period set forth in Section 4.5 hereof (such shorter amortization period, the “*Shorter Amortization Period*”), this Agreement shall automatically be deemed to be amended such that the Amortization Period set forth in Section 4.5 hereof shall be such Shorter Amortization Period. Upon the occurrence of the conditions set forth in the immediately preceding sentence, the Authority shall promptly enter into an amendment to this Agreement such that the Amortization Period equals such Shorter Amortization Period, *provided* that the Amortization Period shall equal the Shorter Amortization Period regardless of whether this Agreement is amended. If the Authority shall amend the Bank Agreement such that it no longer provides for an amortization of the related advance, loan, drawing or other obligation for a period less than the Amortization Period as of the Effective Date, then, the Authority shall promptly enter into an amendment to this Agreement such that the Amortization Period equals the Amortization Period set forth in Section 4.5 hereof as of the Effective Date, *provided* that the Amortization Period

shall equal the Amortization Period set forth in Section 4.5 hereof as of the Effective Date regardless of whether this Agreement is amended.

Section 8.23. Right to Accelerate. In the event the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which Bank Agreement includes the right to accelerate the payment of the principal of or interest on any series of Senior Lien Revenue Bonds or Subordinate Obligations upon the occurrence and continuation of an event of default or event of termination under such Bank Agreement, or such Bank Agreement includes the right to accelerate the payment of the principal of or interest on any series of Senior Lien Revenue Bonds or Subordinate Obligations upon the occurrence and continuation of an event of default or event of termination under such Bank Agreement within a shorter period than is available to the Lender under this Agreement (herein referred to as "*New Acceleration Provisions*"), then such New Acceleration Provisions shall automatically be deemed incorporated herein and the Lender shall automatically have the benefit of such New Acceleration Provisions. The Authority shall promptly, upon the occurrence of the Authority entering into any Bank Agreement (or amendment thereto) which provides for New Acceleration Provisions, enter into an amendment to this Agreement to include such New Acceleration Provisions; *provided* that the Lender shall maintain the benefit of such New Acceleration Provisions even if the Authority fails to provide such amendment. The release, termination or other discharge of such Bank Agreement that provides for such New Acceleration Provisions shall be effective to amend, release, terminate or discharge (as applicable) such provisions as incorporated by reference herein without the consent of the Lender.

Section 8.24. Maintenance of Ratings. The Authority shall at all times maintain long-term unenhanced ratings on Subordinate Obligations (other than this Agreement, the Note and the Repayment Obligations hereunder) by any two Nationally Recognized Statistical Rating Organizations (as defined under the Securities Exchange Act of 1934, as amended) approved by the Lender. As of the Effective Date, the Authority maintains long-term unenhanced ratings on the Subordinate Obligations from Fitch, Moody's and S&P. Such Rating Agencies are approved by the Lender (unless and until the Lender notifies the Authority in writing that it no longer approves of Fitch, Moody's or S&P).

Section 8.25. Liens, Etc. The Authority shall not create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under the Subordinate Trust Indenture except those Liens specifically permitted under the Subordinate Trust Indenture; *provided, however,* that, unless otherwise consented to in advance in writing by the Lender, in no event will the Authority permit any Lien upon the Net Revenues or the Subordinate Net Revenues securing any termination payment pursuant to any Swap Contract to be on parity with or senior to the Lien on Subordinate Net Revenues securing the Repayment Obligations and the Notes.

Section 8.26. Federal Reserve Board Regulations. The Authority shall not use any portion of the proceeds of any Advances, any Loans or the Notes for the purpose of carrying or purchasing any Margin Stock.

Section 8.27. Use of Lender's Name. Except as may be required by law (including, but not limited to, federal and state securities laws), the Authority shall not use the Lender's name in

any published materials (other than the Authority's staff reports, annual statements, audited financial statements, and rating agency presentations) without the prior written consent of the Lender (which consent shall not be unreasonably withheld); *provided* that, without the prior written consent of the Lender, the Authority may identify the Lender as a party to this Agreement, the stated amount of the Commitment, the expiration date of the Commitment, that the interest rate on the Loans is based on the one-month LIBOR plus a spread (such spread shall not be identified) and that the Authority's obligations under this Agreement are secured by Subordinate Net Revenues, in offering documents with respect to the Senior Lien Revenue Bonds and the Subordinate Obligations, so long as no other information relating to this Agreement or the Lender is disclosed in such offering documents without the prior written consent of the Lender.

Section 8.28. Consolidation, Merger, Etc. The Authority shall not dissolve or otherwise dispose of all or substantially all of the assets of the Authority or consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority; *provided, however*, that the Authority may consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority if each of the following conditions shall have been fulfilled:

(i) such merger or consolidation shall be with or into another governmental entity which shall assume in writing, reasonably satisfactory in form and substance to the Lender, or by operation of law the due and punctual performance and observance of all of the covenants, agreements and conditions of this Agreement and the other Related Documents;

(ii) such merger or consolidation shall not adversely affect or impair to any extent or in any manner (1) the Subordinate Net Revenues, (2) the availability of the Subordinate Net Revenues for the payment and security of the obligations of the Authority under this Agreement, or (3) the pledge or security afforded by the Master Senior Trust Indenture and the Master Subordinate Trust Indenture to the Senior Lien Revenue Bonds and the Subordinate Obligations, and the Authority shall have furnished to the Lender, for the benefit of the Lender, an opinion of its Bond Counsel, satisfactory in form and substance to the Lender, to such effect; and

(iii) the Authority shall have given the Lender not less than 60 days' prior written notice of such merger or consolidation and furnished to the Lender all such information concerning such merger or consolidation as shall have been reasonably requested by the Lender.

Section 8.29. Incorporation of Waiver of Jury Trial and Judicial Reference from Bank Agreements. In the event that the Department has or shall enter into, or otherwise consent to any Bank Agreement which (i) provides that the Authority waives any right to a trial by jury in any action, suit or proceeding arising under or relating to such Bank Agreement, or (ii) provides that the Authority consents to the adjudication of any action, suit or proceeding arising under or relating to such Bank Agreement pursuant to judicial reference as provided in California Code of Civil Procedure Section 638, this Agreement shall be deemed to be amended to include a

substantially similar provision for the benefit of the Lender (any such provision described in (i) or (ii) referred to herein as a “*Section 8.29 Bank Agreement Provision*”). The Authority shall promptly notify the Lender of any Bank Agreement which it enters into with any other Person which contains a Section 8.29 Bank Agreement Provision, and the Authority shall promptly, and in any event within thirty (30) Business Days after the effective date of such Bank Agreement provide the Lender with a copy of such Bank Agreement. To evidence the foregoing, upon the reasonable request of the Lender, the Authority shall enter into an amendment to this Agreement within sixty (60) days after a request by the Lender to document any Section 8.29 Bank Agreement Provision deemed to be added to this Agreement pursuant to this Section. Notwithstanding the foregoing, the Lender shall automatically maintain the benefit of any Section 8.29 Bank Agreement Provision, even if the Authority fails to provide the Lender with a copy of such Bank Agreement containing the Section 8.29 Bank Agreement Provision or fails to enter into any such amendment to this Agreement with the Lender.

ARTICLE IX

RESERVED

ARTICLE X

DEFAULTS AND REMEDIES

Section 10.1. Events of Default and Remedies. If any of the following events shall occur, each such event shall be an “Event of Default”:

- (a) the Authority fails to pay, or cause to be paid, when due (i) any principal of or interest on any Note, (ii) any Repayment Obligation or (iii) any other Obligation;
- (b) any representation, warranty or statement made by or on behalf of the Authority herein or in any Related Document to which the Authority is a party or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or the documents, certificates or statements of the Authority (including unaudited financial reports, budgets, projections and cash flows of the Authority and the Airport System) furnished to the Lender by or on behalf of the Authority in connection with the transactions contemplated hereby, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made;
- (c) (i) the Authority fails to perform or observe any term, covenant or agreement contained in Sections 8.1, 8.9, 8.13, 8.14, 8.15, 8.18, 8.24, and 8.25 inclusive; or (ii) the Authority fails to perform or observe any other term, covenant or agreement contained in this Agreement (other than those referred to in Sections 10.1(a) and 10.1(c)(i)) and any such failure cannot be cured or, if curable, remains uncured for thirty (30) days after written notice thereof to the Authority;

(d) the Authority shall (i) default in the payment of the principal of or interest on the Senior Lien Revenue Bonds or the Subordinate Obligations (other than the Revolving Obligations, the Notes or the Loans), beyond the period of grace, if any, provided in the instrument or agreement under which such Senior Lien Revenue Bonds or the Subordinate Obligations was issued or incurred; (ii) default in the observance or performance of any agreement or condition relating to any Senior Lien Revenue Bonds or the Subordinate Obligations or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause the holder or holders of such Senior Lien Revenue Bonds or the Subordinate Obligations (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Senior Lien Revenue Bonds or the Subordinate Obligations to become due prior to its stated maturity; or (iii) default in the observance or performance of any agreement or condition relating to any Senior Lien Revenue Bonds or the Subordinate Obligations or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to permit the holder or holders of such Senior Lien Revenue Bonds or the Subordinate Obligations (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Senior Lien Revenue Bonds or the Subordinate Obligations to become due prior to its stated maturity;

(e) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Notes, the Loans, the Advances or any other Subordinate Obligations or (B) the validity or enforceability of the pledge of the Subordinate Net Revenues or any other pledge or security interest created by the Subordinate Trust Indenture shall at any time for any reason cease to be valid and binding on the Authority as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable;

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) the payment of the principal of or interest on the Notes, the Loans, the Advances or any other Subordinate Obligations, or (B) the validity or enforceability of the pledge of the Subordinate Net Revenues or any other pledge or security interest created by the Subordinate Trust Indenture shall be publicly contested by the Authority; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the Authority as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority;

(f) a final judgment or order for the payment of money in excess of \$10,000,000 (in excess of the coverage limits of any applicable insurance therefor) shall have been rendered against the Authority and such judgment or order shall not have been satisfied, stayed, vacated, discharged or bonded pending appeal within a period of sixty (60) days from the date on which it was first so rendered;

(g) (i) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of any obligation secured by a lien, charge or encumbrance upon the Net Revenues or Subordinate Net Revenues; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the Authority seeks to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts; (iii) the Authority seeks appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of the Authority's property or a receiver, trustee, custodian or other similar official shall be appointed for the Authority or for any substantial part of the Authority's property, or the Authority shall make a general assignment for the benefit of its creditors; (iv) there shall be commenced against the Authority any case, proceeding or other action of a nature referred to in clause (ii) above and the same shall remain undismissed; (v) there shall be commenced against the Authority any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal, within sixty (60) days from the entry thereof; (vi) the Authority takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv) or (v) above; or (vii) the Authority shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(h) in the event that any Authority Rating is suspended, withdrawn, or otherwise unavailable from any Rating Agency, or if any Authority Rating is reduced below "Baa2" (or its equivalent), "BBB" (or its equivalent) or "BBB" (or its equivalent) by any of Moody's, S&P or Fitch, respectively (but excluding any suspension or withdrawal of any such Authority Rating if the applicable Rating Agency has stipulated in writing that the rating action is being taken for non-credit related reasons); or

(i) any event of default under the Master Senior Trust Indenture or the Subordinate Trust Indenture shall occur; or

(j) except as otherwise permitted under Section 8.28 hereof, the dissolution or termination of the existence of the Authority shall occur; or

(k) any Governmental Authority of competent jurisdiction shall declare a financial emergency or similar declaration with respect to the Authority and shall appoint or designate, with respect to the Authority, an entity such as an organization, a board, a

commission, an authority, an agency or any other similar body to manage the affairs and operations of the Authority; or

(l) any Lien created by this Agreement or the Subordinate Trust Indenture or any other Related Document in favor of, or for the benefit of, the Lender or any Noteholder shall at any time or for any reason (except as expressly permitted to be released by the terms of such governing document) not constitute a valid Lien.]

Section 10.2. Remedies. (a) Upon the occurrence and continuation of any Event of Default the Lender may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law *provided*:

(i) by notice to the Authority, declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Authority; *provided* that upon the occurrence of an Event of Default under Section 10.1(h) hereof such acceleration shall automatically occur (unless such automatic acceleration is waived by the Lender in writing);

(ii) deliver a written notice to the Trustee and the Authority that an Event of Default has occurred and is continuing and direct the Trustee and the Authority, as applicable, to accelerate repayment of the Loans and cause a mandatory redemption of the Notes or take such other remedial action as is provided for in the Trust Indenture;

(iii) by written notice to the Authority, reduce the Available Commitment to zero and thereafter the Lender will have no further obligation to make Advances hereunder and/or terminate the Commitment;

(iv) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Authority under the Related Documents, whether for specific performance of any agreement or covenant of the Authority or in aid of the execution of any power granted to the Lender in the Related Documents;

(v) cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however*, that the Lender shall have no obligation to effect such a cure; and

(vi) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents and as otherwise available at law and at equity.

(b) Notwithstanding the provisions of Section 10.2(a)(i) or 10.2(a)(ii) hereof, (x) the Lender shall not declare the outstanding amount of the Obligations under this Agreement to be

immediately due and payable or cause a mandatory redemption of the Notes as described in Section 10.2(a)(i) or 10.2(a)(ii) until seven (7) days after the occurrence of an Event of Default specified in Section 10.1(a)(i), 10.1(a)(ii), 10.1(d)(i), 10.1(d)(ii), 10.1(e)(i), 10.1(e)(ii), 10.1(g) or 10.1(j) hereof and (y) the Lender shall notify the Authority of mandatory redemption of the Notes at least one hundred eighty (180) days prior thereto in the case of any Event of Default not specified in the immediately preceding clause (x). Notwithstanding the foregoing sentence of this Section 10.2(b), if any other holder or credit enhancer of Debt secured by a lien or charge on Net Revenues or Subordinate Net Revenues or any counterparty under any Swap Contract related thereto causes any such Debt or other obligations of the Authority to become immediately due and payable, the Lender may immediately, without notice, avail itself of the remedies set forth in Section 10.2(a) hereof and/or declare or cause to be declared the unpaid principal amount of all outstanding Notes, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder to be immediately due and payable.

Section 10.3. No Waiver. No failure on the part of Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. No delay or omission by the Lender in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Lender or to be acquiescence therein. No express or implied waiver by the Lender of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

Section 10.4. Discontinuance of Proceedings. In case the Lender shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Lender shall have the unqualified right so to do and, in such event, the Authority and the Lender shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Lender hereunder shall continue as if the same had never been invoked.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Evidence of Debt. The Lender shall maintain in accordance with its usual practices an account or accounts evidencing the indebtedness resulting from each Advance, each Revolving Loan and each Term Loan made from time to time hereunder and the amounts of principal and interest payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such account or accounts shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations therein recorded.

Section 11.2. Amendments and Waivers. No amendment or waiver of any provision of this Agreement nor consent to any departure by the parties hereto shall in any event be effective unless the same shall be in writing and signed by such parties, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 11.3. Addresses for Notices. Any notice required or permitted to be given under or in connection with this Agreement shall be in writing and shall be mailed by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid, or sent by telex, telegram, telecopy or other similar form of rapid transmission confirmed by mailing (by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid) written confirmation at substantially the same time as such rapid transmission, or personally delivered to an officer of the receiving party. All such communications shall be mailed, sent or delivered to the address or numbers set forth below, or as to each party at such other address or numbers as shall be designated by such party in a written notice to the other parties.

The Authority:

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

Attention: Vice President Finance & Asset
Management/Treasurer

Telephone: (619) 400-2802

Facsimile: (619) 400-2801

with a copy to:

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

Attention: General Counsel

Telephone: (619) 400-2802

Facsimile: (619) 400-2801

The Lender: U.S. Bank National Association
633 W. 5th Street, 25th Floor
Los Angeles, California 90071
Attention: Ashley Martin, Vice President
Facsimile: (213) 615-6248
Telephone: (310) 717-5900
E-mail: ashley.martin1@usbank.com

With a copy to:

U.S. Bank National Association
633 W. 5th Street, 25th Floor
Los Angeles, California 90071
Attention: Kenneth Haber, Senior Vice President
Telephone: (818) 817-7235
E-mail: Kenneth.Haber@usbank.com

The Trustee: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services
Telephone: 213.615.6023
Facsimile: 213.615.6197

Section 11.4. Survival of This Agreement. All covenants, agreements, representations and warranties made in this Agreement shall survive the extension by the Lender of the Commitment and shall continue in full force and effect so long as the Commitment shall be unexpired or any sums drawn or due thereunder or any other obligations shall be outstanding and unpaid, regardless of any investigation made by any Person and so long as any amount payable hereunder remains unpaid. The agreement of the Authority to indemnify the Lender and each Indemnitee under Section 6.2 hereof shall continue in full force and effect notwithstanding a termination of the Commitment or the fulfillment of all Obligations. The obligations of the Authority under Sections 6.3 and 2.6(e) hereof shall also continue in full force and effect notwithstanding a termination of the Commitment or the fulfillment of all Obligations. Whenever in this Agreement the Lender is referred to, such reference shall be deemed to include the successors and assigns of the Lender and all covenants, promises and agreements by or on behalf of the Authority which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Lender. The rights and duties of the Authority may not be assigned or transferred without the prior written consent of the Lender, and all obligations of the Authority hereunder shall continue in full force and effect notwithstanding any assignment by the Authority of any of its rights or obligations under any of the Related Documents or any entering into, or consent by the Authority to, any supplement or amendment to, or termination of, any of the Related Documents.

Section 11.5. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 11.6. Governing Law; Jurisdiction and Venue. (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

(b) EACH OF PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA AND ANY COURT IN THE STATE OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST OR BY IT IN CONNECTION WITH THIS AGREEMENT OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RELATED THERETO, AND THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH CALIFORNIA STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. THE PARTIES AGREE THAT A FINAL NONAPPEALABLE JUDGMENT IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE AND AGREE NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THE RELATED DOCUMENTS OR THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS.

Section 11.7. Successors and Assigns.

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Authority, its successors, transferees and assigns and shall inure to the benefit of the Noteholders and their respective permitted successors, transferees and assigns. The Authority may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender. Notwithstanding anything to the contrary set forth herein, so long as no Event of Default shall have occurred and be continuing hereunder, U.S. Bank National Association may not assign its obligations to fund Advances and Loans pursuant to the terms of this Agreement without the prior written consent of the Authority (such consent not to be unreasonably withheld). Each Noteholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Note(s) and the other Related Documents in accordance with the provisions of paragraph (b) or (c) of this Section. Each Noteholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Noteholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section.

(b) *Sales and Transfers by Noteholder to a Lender Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Bonds to a Person that is (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to Qualified Transferees (each, a “*Lender Transferee*”). From and after the date of such sale or transfer, U.S. Bank National Association (and its successors) shall continue to have all of the rights of the Lender hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Lender hereunder, (B) any such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall be in a minimum amount of \$250,000, (C) the Authority and the Trustee shall be required to deal only with the Lender with respect to any matters under this Agreement and (D) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Lender shall be entitled to enforce the provisions of this Agreement against the Authority. Additionally, each Lender Transferee of all or a portion of the Note(s) shall be deemed to have acknowledged, represented, warranted and agreed with the Authority to all of the provisions set forth in the “*Noteholder Representations*” attached to the applicable Note. The Lender shall endeavor to provide written notice of such sale or transfer to the Authority and the Trustee for purposes of Section 2.04 of the Master Subordinate Trust Indenture. Upon the request of the Authority, the Lender shall provide the addresses and related information with respect to the Lender Transferee to the Authority.

Anything herein to the contrary notwithstanding, including without limitation Section 6.3 hereof, if any Lender Transferee shall incur increased costs or capital adequacy requirements as contemplated by Section 6.3 hereof, and such increased costs or capital adequacy requirements are greater than those that the Lender would have incurred had it not sold or otherwise transferred all or a portion of the Note(s) to such Lender Transferee provided for in this Section 11.7(b), then the Authority shall not be obligated to pay to such Lender Transferee any portion of the cost greater than that which the Authority would have paid under the provisions of Section 6.3 hereof had the Lender not sold or otherwise transferred all or a portion of the Note(s) to a Lender Transferee.

(c) *Sales and Transfers by Noteholder to a Non-Lender Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer all or any portion of the Note(s) to one or more transferees that the Lender reasonably believes is qualified to purchase or hold the Bonds which are not Lender Transferees but each of which constitutes a Qualified Transferee (each, a “*Non-Lender Transferee*”) if written notice of such sale or transfer, including that such sale or transfer is to a Non-Lender Transferee, together with addresses and related information with respect to the Non-Lender Transferee, shall have been given to the Authority, the Trustee and the Lender (if different than the Noteholder) by such selling Noteholder and Non-Lender Transferee; *provided, however*, that (x) in any such case the Authority and the Trustee shall be required to deal only with the Lender with respect to any matters under this Agreement and (y) any such sale or transfer shall be in a minimum amount of \$250,000. Additionally, each Non-Lender Transferee of all or a portion of the Note(s) shall be deemed to have acknowledged, represented, warranted and agreed with the Authority to all of the provisions set forth in the “*Noteholder Representations*” attached to the Notes. The Lender shall

endeavor to provide written notice of such sale or transfer to the Authority and the Trustee for purposes of Section 2.04 of the Master Subordinate Trust Indenture.

From and after the date the Authority, the Trustee and the selling Noteholder have received written notice, (A) the Non-Lender Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Noteholder (other than its obligation to fund Advances and Loans, as more fully set forth in paragraph (a) of this Section 11.7) hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Lender Transferee, and any reference to the assigning Noteholder hereunder and under the other Related Documents shall thereafter refer to such transferring Noteholder and to the Non-Lender Transferee to the extent of their respective interests, and (B) if the transferring Noteholder no longer owns any Notes, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents (other than its obligation to fund Advances and Loans, as more fully set forth in paragraph (a) of this Section 11.7); *provided, however*, that in any such case the Authority and the Trustee shall be required to deal only with the Lender with respect to any matters under this Agreement.

Anything herein to the contrary notwithstanding, including without limitation Section 6.3 hereof, if any Non-Lender Transferee shall incur increased costs or capital adequacy requirements as contemplated by Section 6.3 hereof, and such increased costs or capital adequacy requirements are greater than those that the Lender would have incurred had all or a portion of the Note(s) not been sold or otherwise transferred to such Non-Lender Transferee provided for in this Section 11.7(c), then the Authority shall not be obligated to pay to such Non-Lender Transferee any portion of the cost greater than that which the Authority would have paid under the provisions of Section 6.3 hereof had all or a portion of the Note(s) not been sold or otherwise transferred to such Lender Transferee.

(d) *Participations.* The Lender shall have the right to grant participations in all or a portion of the Lender's interest in the Notes, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however*, that (i) no such participation by any such participant shall in any way affect the obligations of the Lender hereunder and (ii) the Authority and the Trustee shall be required to deal only with the Lender, with respect to any matters under this Agreement, the Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Authority.

Anything herein to the contrary notwithstanding, including without limitation Section 6.3 hereof, if any Participant shall incur increased costs or capital adequacy requirements as contemplated by Section 6.3 hereof, and such increased costs or capital adequacy requirements are greater than those that the Lender would have incurred had it not granted a participation interest as provided for in this Section 11.7(d), then the Authority shall not be obligated to pay to such Participant any portion of the cost greater than that which the Authority would have paid under the provisions of Section 6.3 hereof had the Lender not granted such participation interest.

(e) *Certain Pledges.* The Lender may at any time pledge or grant a security interest in all or any portion of its rights under the Notes, this Agreement and the Related Documents to

secure obligations of the Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

Section 11.8. No Setoff. Notwithstanding anything to the contrary contained herein, the Lender, any Participant and any Noteholder hereby agrees that it will not assert any of its statutory or common law rights of setoff as the depository bank of the Authority in connection with the collection or repayment of any of the Obligations or any other obligation of the Authority owing to the Lender, any Participant or any Noteholder under this Agreement or the other Related Documents.

Section 11.9. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.


Section 11.10. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, taken together, shall constitute but one and the same Agreement. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Section 11.11. Patriot Act. The Lender hereby notifies the Authority that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Lender to identify the Authority in accordance with the Patriot Act. The Authority hereby agrees that it shall promptly provide such information upon request by the Lender.

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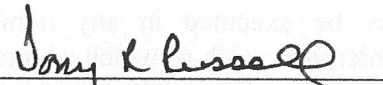
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: 

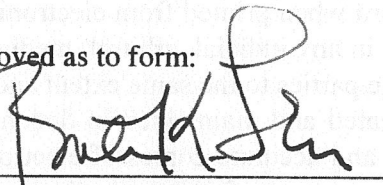
Thella F. Bowens,
President and CEO

Attest:

By: 

Tony R. Russell
Director, Corporate &
Information Governance/
Authority Clerk

Approved as to form:

By: 

Breton K. Lobner
General Counsel

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: Kenneth Harber

Title: SVP and Managing Director

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

**SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY**

By: _____
Thella F. Bowens,
President and CEO

Attest:

By: _____
Tony R. Russell
Director, Corporate &
Information Governance/
Authority Clerk

Approved as to form:

By: _____
Breton K. Lobner
General Counsel

U.S. BANK NATIONAL ASSOCIATION

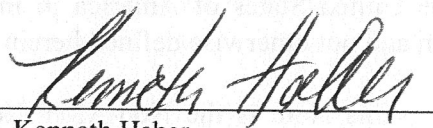
By: 
Name: Kenneth Haber
Title: Senior Vice President

EXHIBIT A-1

[FORM OF NON-AMT NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES A
NON-AMT NOTE**

Dated: September 5, 2014

\$125,000,000

For value received, the San Diego County Regional Airport Authority (the "*Authority*") promises to pay to the order of U.S. Bank National Association, and its successors and assigns (the "*Lender*"), located at 633 W. 5th Street, 25th Floor, Los Angeles, California 90071, the aggregate unpaid principal amount of all Non-AMT Revolving Loans and Non-AMT Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of September 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all Non-AMT Revolving Loans and Non-AMT Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the Non-AMT Note referred to in the Agreement and is entitled to the benefits thereof and of the Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Lender agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all Non-AMT Revolving Loans and Non-AMT Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Authority hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the provisions of the Agreement, that certain Master Subordinate Trust Indenture, dated as of September 1, 2007, (the "*Master Subordinate Trust Indenture*"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "*Trustee*"), as heretofore amended, and as amended from time to time in accordance with the terms thereof, and that certain Third Supplemental Subordinate Trust Indenture dated as of September 1, 2014 (the "*Third Supplemental Subordinate Trust Indenture*," and together with the Master Subordinate Trust Indenture, the "*Subordinate Trust Indenture*"), by and between the Authority and the Trustee. This Note constitutes a Subordinate Obligation within the meaning of the Subordinate Trust Indenture.

This Note is payable solely from the Subordinate Net Revenues in accordance with the Agreement, and this Note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The holder hereof shall not have the right to demand payment of this obligation from any sources or properties of the Authority except the Subordinate Net Revenues.

THIS NOTE IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF SUBORDINATE NET REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF THE AIRPORT SYSTEM AND CERTAIN FUNDS AND ACCOUNTS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THIS NOTE, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

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

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____

Name: _____

Title: _____

Attest: _____

By: _____

Name: _____

Title: _____

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Third Supplemental Subordinate Trust Indenture.

Date of Authentication: September 5, 2014

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____

Authorized Signatory

NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Authority as follows:

1. If Noteholder is:
 - (a) a Lender Transferee, such Noteholder is either (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to Qualified Transferees; or
 - (b) a Non-Lender Transferee, such Noteholder is a transferee that the Lender reasonably believes is qualified to purchase or hold this Note which is not a Lender Transferee but which constitutes a Qualified Transferee.
2. The Noteholder has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase and/or acceptance of this Note.
3. The Noteholder is able to bear the economic risks of an investment in this Note.
4. The Noteholder understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. The Noteholder has made its own inquiry and analysis with respect to the Authority, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.
5. The Noteholder has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, this Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and/or accept this Note.
6. The Noteholder understands that this Note (a) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) is not listed on any stock or other securities exchange, and (c) carries no rating from any credit rating agency.
7. This Note is being acquired by the Noteholder for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Noteholder reserves the right to sell, transfer or redistribute this Note, but agrees that any such sale, transfer or distribution by the Noteholder shall be to a Person that is either a Lender Transferee or a Non-Lender Transferee.

**TRANSACTIONS
ON
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES A
NON-AMT NOTE**

| DATE | NON-AMT LOAN COMMITMENT | INTEREST RATE | AMOUNT OF PRINCIPAL PAID | DATE TO WHICH INTEREST PAID | NOTATION MADE BY |
|------|----------------------------|------------------|--------------------------------|--------------------------------------|---------------------|
|------|----------------------------|------------------|--------------------------------|--------------------------------------|---------------------|

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or
Taxpayer Identification Number of Transferee

/ _____ /

(Please print or typewrite name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Note on the books kept for registration thereof, with
full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be
guaranteed by a member or participant
of a signature guarantee program

NOTICE: The signature above must
correspond with the name of the Owner as it
appears upon the front of this Note in every
particular, without alteration or enlargement
or change whatsoever.

EXHIBIT A-2

[FORM OF AMT NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES B
AMT NOTE**

Dated: September 5, 2014

\$125,000,000

For value received, the San Diego County Regional Airport Authority (the "*Authority*") promises to pay to the order of U.S. Bank National Association, and its successors and assigns (the "*Lender*"), located at 633 W. 5th Street, 25th Floor, Los Angeles, California 90071, the aggregate unpaid principal amount of all AMT Revolving Loans and AMT Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of September 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all AMT Revolving Loans and AMT Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the AMT Note referred to in the Agreement and is entitled to the benefits thereof and of the Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Lender agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all AMT Revolving Loans and AMT Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Authority hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the provisions of the Agreement, that certain Master Subordinate Trust Indenture, dated as of September 1, 2007, (the "*Master Subordinate Trust Indenture*"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "*Trustee*"), as heretofore amended, and as amended from time to time in accordance with the terms thereof, and that certain Third Supplemental Subordinate Trust Indenture dated as of September 1, 2014 (the "*Third Supplemental Subordinate Trust Indenture*," and together with the Master Subordinate Trust Indenture, the "*Subordinate Trust Indenture*"), by and between the Authority and the Trustee. This Note constitutes a Subordinate Obligation within the meaning of the Subordinate Trust Indenture.

This Note is payable solely from the Subordinate Net Revenues in accordance with the Agreement, and this Note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The holder hereof shall not have the right to demand payment of this obligation from any sources or properties of the Authority except the Subordinate Net Revenues.

THIS NOTE IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF SUBORDINATE NET REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF THE AIRPORT SYSTEM AND CERTAIN FUNDS AND ACCOUNTS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THIS NOTE, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

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

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____

Name: _____

Title: _____

Attest: _____

By: _____

Name: _____

Title: _____

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Third Supplemental Subordinate Trust Indenture.

Date of Authentication: September 5, 2014

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Authority as follows:

1. If Noteholder is:
 - (a) a Lender Transferee, such Noteholder is either (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to Qualified Transferees; or
 - (b) a Non-Lender Transferee, such Noteholder is a transferee that the Lender reasonably believes is qualified to purchase or hold this Note which is not a Lender Transferee but which constitutes a Qualified Transferee.
2. The Noteholder has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase and/or acceptance of this Note.
3. The Noteholder is able to bear the economic risks of an investment in this Note.
4. The Noteholder understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. The Noteholder has made its own inquiry and analysis with respect to the Authority, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.
5. The Noteholder has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, this Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and/or accept this Note.
6. The Noteholder understands that this Note (a) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) is not listed on any stock or other securities exchange, and (c) carries no rating from any credit rating agency.
7. This Note is being acquired by the Noteholder for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Noteholder reserves the right to sell, transfer or redistribute this Note, but agrees that any such sale, transfer or distribution by the Noteholder shall be to a Person that is either a Lender Transferee or a Non-Lender Transferee.

| DATE | TAXABLE LOAN COMMITMENT | INTEREST RATE | AMOUNT OF PRINCIPAL PAID | DATE TO WHICH INTEREST PAID | NOTATION MADE BY |
|------|----------------------------|------------------|--------------------------------|--------------------------------------|---------------------|
| | | | | | |

A-2-6

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or
Taxpayer Identification Number of Transferee

/_____/

(Please print or typewrite name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Note on the books kept for registration thereof, with
full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be
guaranteed by a member or participant
of a signature guarantee program

NOTICE: The signature above must
correspond with the name of the Owner as it
appears upon the front of this Note in every
particular, without alteration or enlargement
or change whatsoever.

EXHIBIT A-3

[FORM OF TAXABLE NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES C
TAXABLE NOTE**

Dated: September 5, 2014

\$125,000,000

For value received, the San Diego County Regional Airport Authority (the "*Authority*") promises to pay to the order of U.S. Bank National Association, and its successors and assigns (the "*Lender*"), located at 633 W. 5th Street, 25th Floor, Los Angeles, California 90071, the aggregate unpaid principal amount of all Taxable Revolving Loans and Taxable Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of September 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all Taxable Revolving Loans and Taxable Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the Taxable Note referred to in the Agreement and is entitled to the benefits thereof and of the Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Lender agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all Taxable Revolving Loans and Taxable Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Authority hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the provisions of the Agreement, that certain Master Subordinate Trust Indenture, dated as of September 1, 2007, (the "*Master Subordinate Trust Indenture*"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "*Trustee*"), as heretofore amended, and as amended from time to time in accordance with the terms thereof, and that certain Third Supplemental Subordinate Trust Indenture dated as of September 1, 2014 (the "*Third Supplemental Subordinate Trust Indenture*," and together with the Master Subordinate Trust Indenture, the "*Subordinate Trust Indenture*"), by and between the Authority and the Trustee. This Note constitutes a Subordinate Obligation within the meaning of the Subordinate Trust Indenture.

This Note is payable solely from the Subordinate Net Revenues in accordance with the Agreement, and this Note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The holder hereof shall not have the right to demand payment of this obligation from any sources or properties of the Authority except the Subordinate Net Revenues.

THIS NOTE IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF SUBORDINATE NET REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF THE AIRPORT SYSTEM AND CERTAIN FUNDS AND ACCOUNTS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THIS NOTE, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

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

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____
Title: _____

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Third Supplemental Subordinate Trust Indenture.

Date of Authentication: September 5, 2014

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____

Authorized Signatory

NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Authority as follows:

1. If Noteholder is:
 - (a) a Lender Transferee, such Noteholder is either (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to Qualified Transferees; or
 - (b) a Non-Lender Transferee, such Noteholder is a transferee that the Lender reasonably believes is qualified to purchase or hold this Note which is not a Lender Transferee but which constitutes a Qualified Transferee.
2. The Noteholder has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase and/or acceptance of this Note.
3. The Noteholder is able to bear the economic risks of an investment in this Note.
4. The Noteholder understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. The Noteholder has made its own inquiry and analysis with respect to the Authority, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.
5. The Noteholder has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, this Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and/or accept this Note.
6. The Noteholder understands that this Note (a) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) is not listed on any stock or other securities exchange, and (c) carries no rating from any credit rating agency.
7. This Note is being acquired by the Noteholder for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Noteholder reserves the right to sell, transfer or redistribute this Note, but agrees that any such sale, transfer or distribution by the Noteholder shall be to a Person that is either a Lender Transferee or a Non-Lender Transferee.

TRANSACTIONS
ON
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES C
TAXABLE NOTE

| DATE | TAXABLE LOAN COMMITMENT | INTEREST RATE | AMOUNT OF PRINCIPAL PAID | DATE TO WHICH INTEREST PAID | NOTATION MADE BY |
|------|----------------------------|------------------|--------------------------------|--------------------------------------|---------------------|
|------|----------------------------|------------------|--------------------------------|--------------------------------------|---------------------|

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or
Taxpayer Identification Number of Transferee

(Please print or typewrite name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be
guaranteed by a member or participant
of a signature guarantee program

NOTICE: The signature above must
correspond with the name of the Owner as it
appears upon the front of this Note in every
particular, without alteration or enlargement
or change whatsoever.

EXHIBIT B

[FORM OF REQUEST FOR ADVANCE]

REQUEST FOR ADVANCE AND REVOLVING LOAN

U.S. Bank National Association
633 W. 5th Street, 25th Floor
Los Angeles, California 90071
Attention: Ashley Martin, Vice President
Facsimile: (213) 615-6248
Telephone: (310) 717-5900
E-mail: ashley.martin1@usbank.com

With a copy to:

U.S. Bank National Association
633 W. 5th Street, 25th Floor
Los Angeles, California 90071
Attention: Kenneth Haber, Senior Vice President
Telephone: (818) 817-7235
E-mail: Kenneth.Haber@usbank.com

Ladies and Gentlemen:

The undersigned, a Designated Representative, refers to the Revolving Credit Agreement, dated as of September 1, 2014 (together with any amendments or supplements thereto, the "Agreement"), by and between the San Diego County Regional Airport Authority (the "Authority") and U.S. Bank National Association (the "Lender") (the terms defined therein being used herein as therein defined) and hereby requests, pursuant to Section 2.3 of the Agreement, that the Lender make an Advance under the Agreement, and in that connection sets forth below the following information relating to such Advance (the "Proposed Advance"):

1. The Business Day of the Proposed Advance is _____, 20__ (the "Advance Date"), which is at least three New York Banking Days after the date hereof.

2. The principal amount of the Proposed Advance is \$_____, which is not greater than the Available Commitment as of the Advance Date set forth in 1 above.

3. The aggregate amount of the Proposed Advance shall be used solely for the payment of [Cost of a Project] or [costs of issuance in connection with this Agreement] or [any other purpose permitted under the Act].

4. The Proposed Advance is hereby identified as **[an AMT Revolving Loan]** **[a Non-AMT Revolving Loan]** **[a Taxable Revolving Loan]**¹. The Proposed Advance shall constitute **[an AMT Loan bearing interest at the Tax-Exempt LIBOR Rate]** **[a Non-AMT Loan bearing interest at the Tax-Exempt LIBOR Rate]** **[a Taxable Loan bearing interest at the Taxable LIBOR Rate]**.

5. **[For a Proposed Advance that will be a Non-AMT Loan bearing interest at the Tax-Exempt LIBOR Rate:]** The principal amount of the Proposed Advance set forth in 2 above does not exceed the Non-AMT Loan Commitment as of the Advance Date set forth in 1 above.

[For a Proposed Advance that will be an AMT Loan bearing interest at the Tax-Exempt LIBOR Rate:] The principal amount of the Proposed Advance set forth in 2 above does not exceed the AMT Loan Commitment as of the Advance Date set forth in 1 above.

[For a Proposed Advance that will be a Taxable Loan bearing interest at the Taxable LIBOR Rate:] The principal amount of the Proposed Advance set forth in 2 above does not exceed the Taxable Loan Commitment as of the Advance Date set forth in 1 above.

6. After giving effect to the Proposed Advance, the aggregate principal amount of all Loans outstanding under the Agreement will not exceed the Available Commitment.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Advance Date, before and after giving effect thereto:

- (a) the undersigned is a Designated Representative;
- (b) the representations and warranties of the Authority set forth in Article VII of the Agreement and in each other Related Document are true and correct in all material respects as though made on the date hereof and on the date of Advance Date;
- (c) no Default or Event of Default has occurred and is continuing;
- (d) no Material Adverse Change has occurred;
- (e) after giving effect to the Proposed Advance, the aggregate principal amount of all Loans outstanding under the Agreement will not exceed [the Initial Commitment Amount][(or, following a reduction of the Available Commitment pursuant

¹ With respect to an Advance for an AMT Revolving Loan, U.S. Bank, as Lender, should confirm that is has received evidence that an IRS Form 8038 has been duly completed by the Authority and signed by the Authority; and with respect to an Advance for Non-AMT Revolving Loan, U.S. Bank, as Lender, should confirm that is has received evidence that an IRS Form 8038-G has been duly completed by the Authority and signed by the Authority.

to Section 2.7 of the Agreement) the Available Commitment]. The proposed amount of the Proposed Advance does not exceed the Available Commitment; and

(f) the Authority has not received actual notice (either verbal or written) from Bond Counsel that the opinion delivered pursuant to Section 2.4(a)(v) of the Agreement may no longer be relied upon. The Lender shall have received satisfactory evidence that all representations and certifications of the Authority that the Lender deems necessary to maintain the tax-exempt status of the interest on any Tax-Exempt Loan have been delivered and are true and correct.

The Proposed Advance shall be made by the Lender by wire transfer of immediately available funds to the undersigned in accordance with the instructions set forth below:

[Insert wire instructions]

Very truly yours,

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

EXHIBIT C

[FORM OF REQUEST FOR EXTENSION]

REQUEST FOR EXTENSION

[Date]

U.S. Bank National Association
633 W. 5th Street, 25th Floor
Los Angeles, California 90071
Attention: Ashley Martin, Vice President
Facsimile: (213) 615-6248
Telephone: (310) 717-5900
E-mail: ashley.martin1@usbank.com

With a copy to:

U.S. Bank National Association
633 W. 5th Street, 25th Floor
Los Angeles, California 90071
Attention: Kenneth Haber, Senior Vice President
Telephone: (818) 817-7235
E-mail: Kenneth.Haber@usbank.com

Ladies and Gentlemen:

Reference is made to the Revolving Credit Agreement dated as of September 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*") by and between the undersigned, the San Diego County Regional Airport Authority (the "*Authority*") and U.S. Bank National Association (the "*Lender*"). All terms defined in the Agreement are used herein as defined therein.

The Authority hereby requests, pursuant to Section 2.8 of the Agreement, that the Commitment Expiration Date with respect to the Available Commitment as of the date hereof be extended by one year to _____, _____. Pursuant to such Section 2.8, we have enclosed with this request the following information:

1. A reasonably detailed description of any and all Defaults that have occurred and are continuing;
2. Confirmation that all representations and warranties of the Authority as set forth in Article VII of the Agreement and each Related Document are true and correct as though made on the date hereof and that no Default or Event of Default has occurred and is continuing on the date hereof; and

3. Any other pertinent information previously requested by the Lender.

The Lender is asked to notify the Authority of its decision with respect to this request within 60 days of the date of receipt hereof. If the Lender fails to notify the Authority of the Lender's decision within such 60-day period, the Lender shall be deemed to have rejected such request.

Very truly yours,

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

EXHIBIT D

[FORM OF NOTICE OF TERMINATION]

NOTICE OF TERMINATION

San Diego County Regional Airport Authority
Commuter Terminal, 3rd Floor
3225 North Harbor Drive
San Diego, California 92101
Attention: Vice President Finance/Treasurer

Ladies and Gentlemen:

We refer to the Revolving Credit Agreement dated as of September 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*") by and between the San Diego County Regional Airport Authority (the "*Authority*") and the undersigned, U.S. Bank National Association. Any term below which is defined in the Agreement shall have the same meaning when used herein.

We hereby notify you that an Event of Default has occurred under Section 10.1__ of the Agreement. As a result, unless and until you have been advised otherwise by us:

1. The Available Commitment **[has been automatically]/[is hereby]** reduced to \$0.00 and the Lender has no further obligation to make Advances under the Agreement; and
2. The Commitment **[has been automatically]/[is]** terminated and will no longer be reinstated.

IN WITNESS WHEREOF, we have executed and delivered this Notice as of the ____ day of _____, 20__.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

By _____
Name: _____
Title: _____

EXHIBIT E

[FORM OF NOTICE OF TERMINATION OR REDUCTION]

NOTICE OF TERMINATION OR REDUCTION

[Date]

U.S. Bank National Association

633 W. 5th Street, 25th Floor
Los Angeles, California 90071
Attention: Ashley Martin, Vice President
Facsimile: (213) 615-6248
Telephone: (310) 717-5900
E-mail: ashley.martin1@usbank.com

With a copy to:

U.S. Bank National Association
633 W. 5th Street, 25th Floor
Los Angeles, California 90071
Attention: Kenneth Haber, Senior Vice President
Telephone: (818) 817-7235
E-mail: Kenneth.Haber@usbank.com

Ladies and Gentlemen:

Re: Revolving Credit Agreement dated as of September 1, 2013

The San Diego County Regional Airport Authority (the "*Authority*"), through its undersigned, an Authorized Authority Representative, hereby certifies to U.S. Bank National Association (the "*Lender*"), with reference to the Revolving Credit Agreement dated as of September 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*") by and between the Authority and the Lender (the terms defined therein and not otherwise defined herein being used herein as therein defined):

[(1) The Authority hereby informs you that the Commitment is terminated in accordance with the Agreement.]

OR

[(1) The Authority hereby informs you that the Available Commitment is reduced from [insert amount as of the date of Certificate] to [insert new amount], such reduction to be effective on _____.]

IN WITNESS WHEREOF, the Authority has executed and delivered this Notice this _____ day of _____, _____.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

San Diego County Regional Airport Authority
1555 La Jolla Village Drive, Suite 200
San Diego, CA 92161
Telephone: (619) 444-1234
Fax: (619) 444-1235
E-mail: info@sdara.org
Website: www.sdara.org

The San Diego County Regional Airport Authority (the "Authority") hereby certifies that the information contained in this Notice is true and correct to the best of its knowledge and belief, and that the Authority has no knowledge of any facts which would render the information contained in this Notice false or misleading.

(1) The Authority hereby informs you that the Available Commitment is reduced from [insert amount as of the date of Certificate] to [insert new amount], such reduction to be effective on _____.]

EXHIBIT F

[FORM OF NOTICE OF REDUCTION]

NOTICE OF REDUCTION

[Date]

San Diego County Regional Airport Authority
Commuter Terminal, 3rd Floor
3225 North Harbor Drive
San Diego, California 92101
Attention: Vice President Finance/Treasurer

Ladies and Gentlemen:

We hereby notify you that pursuant to Section 2.7(a) of the Revolving Credit Agreement, dated as of September 1, 2014, by and between the undersigned, the San Diego County Regional Airport Authority (the "*Authority*") and U.S. Bank National Association (the "*Lender*"), the Available Commitment is reduced from **[insert amount as of the date of Certificate]** to **[insert new amount]**, such reduction to be effective on _____.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

By _____
Name: _____
Title: _____

EXHIBIT G

[FORM OF NOTICE OF EXTENSION]

NOTICE OF EXTENSION

[Date]

San Diego County Regional Airport Authority
Commuter Terminal, 3rd Floor
3225 North Harbor Drive
San Diego, California 92101
Attention: Vice President Finance/Treasurer

Ladies and Gentlemen:

We hereby notify you that pursuant to Section 2.8 of the Revolving Credit Agreement, dated as of September 1, 2014, by and between the San Diego County Regional Airport Authority (the "*Authority*") and the undersigned, U.S. Bank National Association (the "*Lender*"), the Commitment Expiration Date with respect to the Commitment as of the date hereof shall be extended _____ to _____, _____. Your acknowledgment hereof shall be deemed to be your representation and warranty that all your representations and warranties contained in Article VII of the Agreement and each other Related Document are true and correct and will be true and correct as of the date hereof and that no Default or Event of Default has occurred and is continuing.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

By _____
Name: _____
Title: _____

Acknowledged as of _____, _____ by

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By _____

Name: _____

Title: _____



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Memo to File

Date: June 9, 2014
To: FILE
By: Alan Parker, Senior Procurement Analyst
From: **Evaluation Panel:** Scott Brickner, Michael Sears, Geoff Bryant & Kathy Keifer
Copy: Thella Bowens, President/CEO; Scott Brickner, Vice President – Finance/Treasure, Jana Vargas, Director – Procurement
Subject: Letter of Credit or Bank Loan RFP

Background: On April 15, 2014 the Authority issued the above subject RFP. Notice of the RFP was advertised in the *San Diego Daily Transcript* and on the *Authority's Website*.

Small Business Preference: 5.12. In accordance with Policy 5.12, the following recommended firm received a small business preference: None.

Business Type Participation –

Prospective Firms: 26 firms viewed the opportunity. The business types are as follows:
0 FBPC, 0 DVB, 0 DBE, 0 MIC, 0 OSB, 0 SBE, 1 MBE, 1 WBE, and
3 Local.

Submitted Proposals: The Authority received 8 proposals on May 7, 2014. Per the President/CEO rights to conduct or not conduct interviews, as per Part 10., Section A. "Authority's Reservation of Rights" contained within the solicitation document, the President/CEO elected to forgo the interview process and issue a recommendation directly to Authority Board based on the results of the evaluation panel's final rankings of the proposals presented below:

| Firms | Panelist 1 | Panelist 2 | Panelist 3 | Panelist 4 | Total | Final Rank |
|-----------------------------|------------|------------|------------|------------|-------|------------|
| Bank of America | 2 | 2 | 2 | 2 | 8 | 2 |
| Bank of Tokyo Mitsubishi | 4 | 4 | 4 | 4 | 16 | 4 |
| Barclays Bank PLC | 3 | 3 | 3 | 3 | 12 | 3 |
| Citibank, NA | 8 | 8 | 8 | 8 | 32 | 8 |
| JP Morgan Securities LLC | 6 | 6 | 6 | 6 | 24 | 6 |
| RBC Capital Markets, LLC | 7 | 7 | 7 | 7 | 28 | 7 |
| State Street Bank and Trust | 5 | 5 | 5 | 5 | 20 | 5 |
| US Bank | 1 | 1 | 1 | 1 | 4 | 1 |

| Combined Scores | SB Preference | Cost / Fees | Credit Quality | Termination Fee | Exception to Agreement | Downgrade | Additional Provisions | Total |
|-----------------------------|---------------|-------------|----------------|-----------------|------------------------|-----------|-----------------------|-------|
| Bank of America | 0 | 1800 | 390 | 360 | 400 | 320 | 400 | 3270 |
| Bank of Tokyo Mitsubishi | 0 | 1600 | 350 | 360 | 400 | 400 | 340 | 3110 |
| Barclays Bank PLC | 0 | 1800 | 320 | 360 | 400 | 320 | 340 | 3200 |
| Citibank, NA | 0 | 0 | 310 | 320 | 400 | 400 | 280 | 1430 |
| JP Morgan Securities LLC | 0 | 1400 | 400 | 270 | 400 | 280 | 370 | 2750 |
| RBC Capital Markets, LLC | 0 | 400 | 350 | 260 | 400 | 360 | 340 | 1770 |
| State Street Bank and Trust | 0 | 1400 | 350 | 360 | 400 | 320 | 400 | 2830 |
| US Bank | 0 | 2000 | 400 | 320 | 400 | 360 | 370 | 3480 |

Recommendation: Award an agreement to U.S. Bank for a 3 year term.



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
19

Meeting Date: JULY 7, 2014

Subject:

Authorization of a Revolving Line of Credit for an Amount up to \$125,000,000

Recommendation:

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

Background/Justification:

The Authority currently utilizes a commercial paper program (CP) to provide a variable rate component in its debt portfolio and, when required, to provide an interim capital funding source. The Letter of Credit that supports the CP program will expire on September 10, 2014. The Authority has determined that it is necessary to maintain a variable rate debt program and interim capital funding vehicle. The proposed new program will be used to refinance \$44.9 million of outstanding CP notes and may be used for interim funding of the Parking Plaza project or other future capital projects. A Request for Proposals ("RFP") for a short-term borrowing facility (i.e., CP program or revolving line of credit) was issued in April 2014 whereby 26 firms viewed the RFP opportunity and 8 proposals were received on May 7, 2014. Authority staff with legal counsel have negotiated and agreed upon final terms for a revolving line of credit with the highest ranking respondent, U.S. Bank National Association ("US Bank" or the "Bank"). The revolving line of credit would be a Subordinate Obligation (as defined in the Master Subordinate Indenture) of the Authority. Comparison of the all-in-cost for the respondent's proposals, based upon a \$125 million dollar program over a three year term at current interest rates, is presented below:

Commercial Paper**Revolving Line of Credit**

| | LOC Fees and CP Interest | Other Costs ¹ | All-In-Costs | | Revolver Fees | Other Costs ² | All-In-Costs |
|---|-----------------------------|-----------------------------|--------------|---------|------------------|-----------------------------|--------------|
| Bank 1 | \$ 1,837,621 | \$428,860 | \$ 2,266,482 | US Bank | \$1,775,664 | \$ 190,000 | \$ 1,965,664 |
| Bank 2 | \$ 2,041,996 | \$428,860 | \$ 2,470,857 | Bank 2 | \$1,878,399 | \$ 190,000 | \$ 2,068,399 |
| Bank 3 | \$ 2,246,371 | \$428,860 | \$ 2,675,232 | Bank 3 | \$2,364,371 | \$ 190,000 | \$ 2,554,371 |
| Bank 4 | \$ 3,145,621 | \$428,860 | \$ 3,574,482 | | | | |
| Bank 5 | \$ 3,390,871 | \$428,860 | \$ 3,819,732 | | | | |
| Bank 6 and 7 Best offering was evaluated as Revolving Line of Credit | | | | | | | |

¹Includes Re-Marketing, Legal, Financial Advisory and
Rating Agency Fees

²Includes Legal and Financial Advisory Fees

The evaluation panelists' rankings and combined scores of the respondents are presented below:

| Firms | Panelist 1 | Panelist 2 | Panelist 3 | Panelist 4 | Total | Final Rank |
|-----------------------------|------------|------------|------------|------------|-------|------------|
| Bank of America | 2 | 2 | 2 | 2 | 8 | 2 |
| Bank of Tokyo Mitsubishi | 4 | 4 | 4 | 4 | 16 | 4 |
| Barclays Bank PLC | 3 | 3 | 3 | 3 | 12 | 3 |
| Citibank, NA | 8 | 8 | 8 | 8 | 32 | 8 |
| JP Morgan Securities LLC | 6 | 6 | 6 | 6 | 24 | 6 |
| RBC Capital Markets, LLC | 7 | 7 | 7 | 7 | 28 | 7 |
| State Street Bank and Trust | 5 | 5 | 5 | 5 | 20 | 5 |
| US Bank | 1 | 1 | 1 | 1 | 4 | 1 |

| Combined Scores | Small Business Preference | Cost / Fees | Credit Quality | Termination Fee | Exception to Agreement | Downgrade pricing | Additional Provisions | Total |
|--------------------------------|---------------------------------|----------------|-------------------|--------------------|---------------------------|----------------------|--------------------------|-------|
| Bank of America | 0 | 1800 | 390 | 360 | 400 | 320 | 400 | 3270 |
| Bank of Tokyo Mitsubishi | 0 | 1600 | 350 | 360 | 400 | 400 | 340 | 3110 |
| Barclays Bank PLC | 0 | 1800 | 320 | 360 | 400 | 320 | 340 | 3200 |
| Citibank, NA | 0 | 0 | 310 | 320 | 400 | 400 | 280 | 1430 |
| JP Morgan Securities LLC | 0 | 1400 | 400 | 270 | 400 | 280 | 370 | 2750 |
| RBC Capital Markets, LLC | 0 | 400 | 350 | 260 | 400 | 360 | 340 | 1770 |
| State Street Bank and Trust | 0 | 1400 | 350 | 360 | 400 | 320 | 400 | 2830 |
| US Bank | 0 | 2000 | 400 | 320 | 400 | 360 | 370 | 3480 |

Master Trust Indenture. The Authority previously entered into a Master Trust Indenture ("Master Senior Indenture"), dated as of November 1, 2005, as amended and supplemented, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A. (the "Senior Trustee"). The Master Senior Indenture (1) is the financing document that sets forth the general terms of the Authority's pledge of Net Revenues ("Net Revenues") to secure *senior* lien airport revenue bonds ("Senior Lien Bonds"), and (2) provides for the terms and conditions upon which Senior Lien Bonds may be issued by the Authority. Section 5.06 of the Master Senior Indenture also authorizes the Authority, from time to time, to incur indebtedness payable from Net Revenues on a *subordinate* basis to the payment of the Senior Lien Bonds.

Master Subordinate Trust Indenture. The Authority entered into a Master Subordinate Trust Indenture (the "Master Subordinate Indenture"), dated September 1, 2007, as amended and supplemented, by and between the Authority and U.S. Bank National Association, as successor trustee (the "Subordinate Trustee"). This financing document sets forth the general terms of the Authority's pledge of Net Revenues on a subordinate basis (the "Subordinate Net Revenues") and provides for the terms and conditions upon which subordinate bonds and notes ("Subordinate Obligations"), including the revolving line of credit, may be issued by the Authority. The pledge of Subordinate Net Revenues under the Master Subordinate Indenture is junior and subordinate to the pledge of Net Revenues under the Master Senior Indenture under which Senior Lien Bonds, including the Series 2013 Bonds, have been issued, but is on parity with Subordinate Lien Bonds, including the Series 2010 Bonds.

The Master Subordinate Indenture sets forth all of the terms, conditions, covenants and obligations that must be met by the Authority to issue Subordinate Obligations, including, among other things: (1) the conditions that must be met in order for the Authority to issue additional Subordinate Obligations payable from Subordinate Net Revenues; (2) the Authority's obligation to establish and maintain certain funds and accounts; and (3) the Authority's required compliance with covenants, including a rate maintenance covenant.

The Authority staff has determined that it is necessary and advisable to refinance the subordinate commercial paper program with a revolving line of credit provided by US Bank. In addition to the bank financing document ("Revolving Credit Agreement"), the revolving line of credit will require the Authority to enter into a Third Supplemental Subordinate Trust Indenture (the "Third Supplemental Subordinate Indenture") by and between the Authority and the Subordinate Trustee.

The Third Supplemental Subordinate Indenture is the financing document that will set forth the general terms of the revolving line of credit, including, among other things, a pledge of Subordinate Net Revenues to repay any obligations arising under the Revolving Credit Agreement and the establishment of certain funds and accounts. The pledge of Subordinate Net Revenues under the Third Supplemental Subordinate Indenture is the same as a pledge under the Master Subordinate Indenture.

Page 4 of 6

Upon adoption of the attached Resolution No. 2014-0076, the Board will be approving the following:

1) Revolving Line of Credit

The incurrence of Subordinate Obligations in the form of the revolving line of credit in an aggregate principal amount not to exceed \$125,000,000 outstanding at any one time in order to, refinance the maturing subordinate commercial paper program (including termination of the program) and provide an interim funding source for future capital projects. Additional authorization is granted for the President/CEO to negotiate an extension to the revolving line of credit for up to three (3) additional years upon the same or more advantageous financial terms and provisions.

2) Revolving Credit Agreement and Third Supplemental Subordinate Indenture

Execution of the Revolving Credit Agreement with US Bank (Attachment A). The US Bank Revolving Credit Agreement provides the revolving line of credit with the following key terms:

- Tax Exempt pricing: 75% of 1 month Libor + 42 basis points
- Taxable pricing: 1 month Libor + 60 basis points
- Unutilized Pricing : 37 basis points
- Three (3) year term

The Finance committee has reviewed a draft version of the Revolving Credit Agreement. The final version is now before the Board. The substantive changes inserted in the final agreements are:

- Qualified Transferee definition restricted to include only banks and organizations. Thus, in section 11.7(c) "Notes" may not be transferred from US Bank to individual investors.
- Sections 6.3 and 6.4 (c), the Authority's requirement to pay lender for increased costs due to law and tax changes extended from 30 days to 60 days
- Section 11.6, Removed Waiver of Jury Trial and instead agreed, in section 8.29, to consent to Waiver of Jury Trial if such clause is incorporated into other future agreements

The Third Supplemental Subordinate Indenture (Attachment B) sets forth the general terms of the revolving line of credit as described above.

3) The Fourth Supplemental Senior Indenture

Execution of the Fourth Supplemental Senior Indenture (Attachment C) will amend certain provisions of the Master Senior Indenture in order to clarify that non-cash obligations will not be included in operations and maintenance expenses used in the calculation of the Rate Covenant and the Additional Bonds Test.

Fiscal Impact:

The revolving line of credit will allow the Authority to refinance the maturing subordinate commercial paper program whose letter of credit is expiring. The revolving line of credit will provide a variable rate borrowing facility and an interim funding source for future capital projects. Adequate funding for the revolving line of credit is included in the adopted FY 2015 and conceptually approved FY 2016 Budgets within the debt service line item (assuming no additional borrowing). FY 2017 and FY 2018 revolving line of credit costs will be included in future budget requests.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:

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

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

In accordance to Policy 5.12, the recommended firm, US Bank, received 0% small business preference.

Prepared by:

SCOTT BRICKNER
VICE PRESIDENT, FINANCE AND ASSET MANAGEMENT/TREASURER

000164

RESOLUTION NO. 2014-0076

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE ISSUANCE AND/OR INCURRENCE OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS FROM TIME TO TIME IN THE FORM OF A REVOLVING LINE OF CREDIT IN AN AGGREGATE PRINCIPAL AMOUNT NOT-TO-EXCEED \$125,000,000; REVOKING THE AUTHORIZATION TO ISSUE COMMERCIAL PAPER NOTES; AND APPROVING A THIRD SUPPLEMENTAL SUBORDINATE TRUST INDENTURE, A REVOLVING CREDIT AGREEMENT, PROMISSORY NOTES, A FOURTH SUPPLEMENTAL SENIOR TRUST INDENTURE AND CERTAIN RELATED MATTERS.

WHEREAS, the San Diego County Regional Airport Authority ("Authority") is a local government entity of regional government, with jurisdiction extending throughout the County of San Diego ("County"), organized and existing pursuant to the provisions of the Constitution of the State of California ("State") and § 170000 *et seq.* of the California Public Utilities Code ("Act"); and

WHEREAS, the Authority has been formed for the purposes of: (a) operating the Airport System (as defined in the hereinafter defined Master Senior Indenture), (b) planning and operating any future airport that could be developed as a supplement or replacement to San Diego International Airport (Lindbergh Field) ("Airport"), (c) developing a comprehensive land use plan, as it may relate to the Airport System, for the entire County, and (d) serving as the region's airport land use commission; and

WHEREAS, the Authority assumed exclusive use, management, operation, regulation, policing and control of the Airport System, as set forth in the Act, and other related facilities upon the transfer of such exclusive use, management, operation, regulation, policing and control from the San Diego Unified Port District in January 2003; and

WHEREAS, the Act provides that the Authority shall have the power to issue bonds, from time to time, payable from revenue of any facility or enterprise operated, acquired, or constructed by the Authority, for any of the purposes authorized under the Act in accordance with the Revenue Bond Law of 1941 Chapter 6 (commencing with §54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with § 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and

the limitations set forth in California Government Code § 54402(b), which shall not apply to the issuance and sale of bonds pursuant to the Act; and

WHEREAS, the Act provides that the Airport System or any or all facilities and all additions and improvements that the board of directors of the Authority ("Board") authorizes to be acquired or constructed and any purpose, operation, facility, system, improvement, or undertaking of the Authority from which revenues are derived or otherwise allocable, which revenues are, or may by resolution or ordinance be, required to be separately accounted for from other revenues of the Authority, shall constitute an enterprise within the meaning of California Government Code § 54309; and

WHEREAS, the Authority has determined that it is necessary and advisable to issue, from time to time, Subordinate Obligations (as defined in the Master Subordinate Indenture) for the purposes set forth in the Act and the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended ("Master Subordinate Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee ("Subordinate Trustee"), and that such Subordinate Obligations be payable from and secured by Subordinate Net Revenues (as defined in the Master Subordinate Indenture); and

WHEREAS, the Authority has determined that it is in the best interest of the Authority to have the capacity to issue and/or incur Subordinate Obligations in the form of short-term revenue obligations, in order to provide funds to finance and refinance the acquisition, construction, rehabilitation and equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, the Authority has determined that it is appropriate and beneficial for the purposes of the Authority to issue and/or incur such short-term revenue obligations, from time to time, in the form of "San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations" ("Subordinate Revolving Obligations") which shall be issued and/or incurred in the form of a revolving line of credit ("Revolving Line of Credit") to be provided by one provider of revolving lines of credit ("Line of Credit Provider") as a means of providing funds to finance and refinance the acquisition, construction, rehabilitation and equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, the Revolving Line of Credit will be provided to the Authority by U.S. Bank pursuant to a revolving credit agreement (each a "Credit Agreement") to be entered into by and between the Authority and U.S. Bank, whereby the Authority will be allowed to request Advances (as defined in the Credit Agreement), from time to time, in an aggregate principal amount not-to-exceed \$125,000,000 at any one time outstanding to finance or refinance on either a reimbursement or forward funding basis the acquisition, construction, rehabilitation or equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, the Advances, the Revolving Loans (as defined in the Credit Agreement) and the Term Loans (as defined in the Credit Agreement) will be incurred pursuant to the Act, certain other provisions of the laws of the State (including California Government Code § 53580 *et seq.*), the Master Subordinate Indenture, the Third Supplemental Subordinate Indenture (as hereinafter defined) and the Credit Agreement; and

WHEREAS, the obligations incurred by the Authority pursuant to the terms of the Credit Agreement (including, but not limited to, the Advances, the Revolving Loans and the Term Loans) will be special obligations of the Authority, secured by, and payable from Subordinate Net Revenues and such other funds and accounts as provided in the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture and will be evidenced by one or more promissory notes ("Notes"); and

WHEREAS, the Advances, the Revolving Loans and the Term Loans may be incurred under the Credit Agreement whereby the interest paid by the Authority on such Advances, Revolving Loans and Term Loans may be (i) excluded from the gross income of the recipients thereof under the varying provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or related thereto (collectively, the "Code") or (ii) included in the gross income of the recipients thereof under the Code; and

WHEREAS, the Authority, will be required to execute and deliver the Notes to U.S. Bank to evidence the amounts owed by the Authority on all Advances, Revolving Loans and Term Loans; and

WHEREAS, the Authority previously determined that it was appropriate and beneficial for the purposes of the Authority to implement a commercial paper program as a means of providing funds to finance and refinance the acquisition, construction, rehabilitation and equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, pursuant to Resolution No. 2007-0096 adopted by the Board on September 6, 2007 ("Resolution No. 2007-0096") and the First Supplemental Subordinate Trust Indenture, dated as of September 1, 2007 ("First Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee, the Authority implemented a commercial paper program through the issuance, from time to time, of Subordinate Airport Revenue Commercial Paper Notes, Series A (Non-AMT), Series B (AMT), and Series C (Taxable) (collectively, the "Commercial Paper Notes") in an aggregate principal amount not to exceed \$250,000,000 outstanding at any one time; and

WHEREAS, in connection with the authorization to issue and/or incur the Subordinate Revolving Obligations, from time to time, the Authority has determined that it is in the best interest of the Authority to terminate the authorization to issue the Commercial Paper Notes; and

WHEREAS, the Authority has determined that it is in its best interests to amend certain provisions of the Master Trust Indenture, dated as of November 1, 2005, as amended ("Master Senior Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as trustee ("Senior Trustee"); and

WHEREAS, the amendments to the Master Senior Indenture shall be provided in the Fourth Supplemental Senior Indenture (as hereinafter defined); and

WHEREAS, there have been presented to the Board the following documents:

- (a) a form of the Third Supplemental Subordinate Trust Indenture ("Third Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee;
- (b) a form of the Credit Agreement;
- (c) forms of the Notes (which are attached to the Third Supplemental Subordinate Indenture and the Credit Agreement); and
- (d) a form of the Fourth Supplemental Trust Indenture ("Fourth Supplemental Senior Indenture"), by and between the Authority and the Senior Trustee; and

WHEREAS, said documents will be modified and amended to reflect the various details applicable to the Subordinate Revolving Obligations and the Revolving Line of Credit.

NOW, THEREFORE, BE IT RESOLVED by the Board of the San Diego County Regional Airport Authority that:

Section 1. Issuance and/or Incurrence of Subordinate Revolving Obligations; Terms of Subordinate Revolving Obligations. For the purposes set forth in the foregoing recitals, the Board hereby authorizes (a) the issuance and/or incurrence, from time to time, of the Subordinate Revolving Obligations in the form of the Revolving Line of Credit to be provided by U.S. Bank or, if determined by the President/CEO (Executive Director) of the Authority to be in the best interests of the Authority, by the Other Line of Credit Provider, as applicable, pursuant to one or more Credit Agreements, provided that the aggregate principal amount of all Subordinate Revolving Obligations outstanding at any time shall not exceed \$125,000,000, and (b) incurrence of the other Obligations (as defined in the Credit Agreement) under the Credit Agreement, the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture. U.S. Bank's or the Other Line of Credit Provider's commitment to make Advances under the applicable Credit Agreement shall have a term not exceeding three (3) years unless such date is earlier terminated pursuant to the terms of the applicable Credit Agreement or extended, reduced or rescinded by a subsequent resolution of the Board (and approved by U.S. Bank or the Other Line of Credit Provider, as applicable), and any Term Loan made under each Credit Agreement shall have a term not exceeding three (3) years. The outstanding principal amount of each Revolving Loan and each Term Loan shall bear interest at the interest rates set forth in each Credit Agreement. Notwithstanding anything to the contrary in the previous sentence or the provisions of this Resolution, interest payable by the Authority on any Revolving Loan or Term Loan shall not exceed the Maximum Rate (as defined in the Credit Agreement); provided, however, if the rate of interest calculated in accordance with the terms of each Credit Agreement exceeds the Maximum Rate, interest at the rate equal to the difference between the rate of interest calculated in accordance with the terms of the applicable Credit Agreement and the Maximum Rate shall be deferred until such date as the rate of interest calculated in accordance with the terms of the applicable Credit Agreement ceases to exceed the Maximum Rate, at which time the Authority shall pay U.S. Bank or the Other Line of Credit Provider, as applicable, the deferred interest as provided in the applicable Credit Agreement.

The Revolving Line of Credit is being obtained to provide funds, from time to time, to finance on either a reimbursement or forward funding basis the acquisition, construction, rehabilitation and equipping of capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority).

The Authority shall be obligated to repay U.S. Bank or the Other Line of Credit Provider, as applicable, for all Advances, Revolving Loans and Term Loans and pay all Obligations owed to U.S. Bank or the Other Line of Credit Provider, as applicable, and such Advances, Revolving Loans, Term Loans and Obligations shall be payable, both with respect to interest and principal as provided for in the Master Subordinate Indenture, the Third Supplemental

Subordinate Indenture, the Credit Agreement and the Notes. The Advances, the Revolving Loans and the Term Loans may be incurred under the Credit Agreement whereby the interest paid by the Authority on such Revolving Loans and Term Loans is excluded from gross income for federal income tax purposes or not excluded or part excluded and part not excluded in such combination as is acceptable to the Designated Representative (as hereinafter defined) authorizing the same.

The terms of each Advance shall, consistent with this Resolution and the Third Supplemental Subordinate Indenture, be set forth in a Request for Advance and Revolving Loan (as described in the Credit Agreement) delivered to U.S. Bank or the Other Line of Credit Provider, as applicable, by a Designated Representative.

Section 2. Pledge to Secure the Advances, the Revolving Loan, the Term Loans, the Notes and the Obligations. The pledge to secure the Subordinate Revolving Obligations, the Advances, the Revolving Loan, the Term Loans, the Notes and the Obligations as set forth in the Master Subordinate Indenture, the Third Supplemental Subordinate Indenture, each Credit Agreement and the Notes is hereby approved.

Section 3. Special Obligations; Subordinate Obligations. The Advances, the Revolving Loan, the Term Loans, the Notes and the Obligations shall be special obligations of the Authority, secured by, and payable from, Subordinate Net Revenues and from the funds and accounts held by the Subordinate Trustee and the Authority under the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture, as and to the extent therein described. The Advances, the Revolving Loan, the Term Loans, the Notes and the Obligations shall also be secured by and be paid from such other sources as the Authority may hereafter provide.

The Subordinate Revolving Obligations shall be issued as Subordinate Obligations as provided for in Section 2.09 of the Master Subordinate Indenture.

Section 4. Approval of Documents; Authorization for Execution. The form, terms and provisions of the Fourth Supplemental Senior Indenture, the Third Supplemental Subordinate Indenture, the Credit Agreement and the Notes (collectively, the "Documents") are in all respects approved and the President/CEO (Executive Director) of the Authority and the Vice President, Finance & Asset Management and Treasurer of the Authority, any one or more thereof (each a "Designated Officer"), are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Documents including counterparts thereof, in the name and on behalf of the Authority. The Documents, as executed and delivered, shall be in substantially the forms now before this meeting and hereby approved, with such changes therein approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or

revisions therein from the forms of the Documents now before this meeting; and from and after the execution and delivery of the Documents, the officers, agents and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Documents.

Section 5. Trustee, Paying Agent and Registrar. The Board hereby appoints U.S. Bank National Association as trustee, paying agent and registrar for the Subordinate Revolving Obligations. Such appointments shall be effective upon the adoption of this Resolution and shall remain in effect until the Authority shall, by supplemental indenture or by resolution, name a substitute or successor thereto.

Section 6. Designated Representatives. The Board hereby appoints the President/CEO (Executive Director) of the Authority, the Vice President, Finance & Asset Management and Treasurer of the Authority, or any Vice President serving in an acting or interim capacity, as "Designated Representatives" of the Authority under the terms of this Resolution, the Third Supplemental Subordinate Indenture and each Credit Agreement. The Designated Representatives are, and each of them is, hereby authorized and are hereby directed to perform those duties set forth in the Documents including, without limitation, the execution of a Request for Advance and Revolving Loan (as described in the Credit Agreement). The Designated Representatives are, and each of them is, also authorized to make representations, certifications and warranties in connection with implementing and obtaining the Revolving Line of Credit and the issuance and/or incurrence of Advances, Revolving Loans and Term Loans as and when required in the Documents and the certifications and agreements relating to the federal tax exemption with regards to certain advances. The Designated Representatives are hereby further authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Documents.

Section 7. Additional Authorization. Each Designated Officer and all officers, agents and employees of the Authority, for and on behalf of the Authority, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Documents and to carry out the terms thereof. Each Designated Officer, each Designated Representative and all officers, agents and employees of the Authority are further authorized and directed, for and on behalf of the Authority, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution, the Third Supplemental Subordinate Indenture, each Credit Agreement, the Fourth Supplemental Senior Indenture or to evidence the same authority and its exercise. The foregoing authorization includes, but is in no way limited to, authorizing Authority staff to pay costs of issuance of implementing and obtaining the Revolving Line of Credit and fees and costs of U.S. Bank and any Other Line of Credit Provider, as applicable, authorizing the investment of the proceeds of the Advances in one or

more of the permitted investments provided for under the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture, and authorizing the execution by a Designated Officer, or any one of them, of one or more tax compliance certificates as required by the Third Supplemental Subordinate Indenture and each Credit Agreement for the purpose of complying with the rebate requirements of the Code.

Section 8. Revocation of the Authorization to Commercial Paper Notes. For the purposes set forth in the foregoing recitals, upon the repayment of the Commercial Paper Notes, and any other amounts due and payable with respect to the Commercial Paper Notes, with proceeds of one or more Revolving Loans, the Board hereby revokes the authorization previously granted under Resolution No. 2007-0096 and the First Supplemental Subordinate Indenture to issue Commercial Paper Notes.

Section 9. Release of Pledge Securing the Commercial Paper Notes. Upon the repayment of the Commercial Paper Notes, and any other amounts due and payable with respect to the Commercial Paper Notes, with proceeds of one or more Revolving Loans, the Board hereby directs the Subordinate Trustee to cancel, discharge and release the pledge of Subordinate Net Revenues securing the Commercial Paper Notes and further to cancel, discharge and release the First Supplemental Subordinate Indenture.

Section 10. Costs of Issuance. Funds of the Authority are hereby authorized, together with the proceeds of one or more Revolving Loans, to be used to pay costs of issuance of implementing and obtaining the Revolving Line of Credit, including but not limited to costs of attorneys, accountants, financial advisors, the costs and expenses of U.S. Bank or the Other Line of Credit Provider, as applicable, the costs associated with rating agencies, printing, publication and mailing expenses, and any related filing fees.

Section 11. Severability. The provisions of this Resolution are hereby declared to be severable and, if any section, phrase or provisions shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

Section 12. Governing Law. This resolution shall be construed and governed in accordance with the laws of the State of California.

Section 13. Repeal of Inconsistent Resolutions. All other resolutions of the Board, or parts of resolutions, inconsistent with this Resolution, are hereby repealed to the extent of such inconsistency.

Section 14. Effective Date of Resolution. This Resolution shall take effect from and after its passage and approval.

Section 15. BE IT FURTHER RESOLVED by the Board, that it finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code § 21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code § 30106).

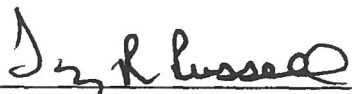
PASSED, ADOPTED AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members: Cox, Desmond, Gleason, Hubbs, Smisek

NOES: Board Members: None

ABSENT: Board Members: Alvarez, Boland, Robinson, Sessom

ATTEST:



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

APPROVED AS TO FORM:

 for

BRETON K. LOBNER
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

REQUEST FOR PROPOSALS for

Letter of Credit and or Bank Loan

The San Diego County Regional Airport Authority ("Authority") seeks proposals from:

1. syndicates to be led by an agent bank; or
2. individual institutions, including institutions willing to provide a commitment individually or (ii) institutions that are willing to lead or serve as part of a syndicate of individual institutions selected by the Authority.

In the event that the Authority elects to select a syndicate under option 1. or create a syndicate under option 2(ii) above, the Authority shall: (a) limit its interactions and negotiations to the lead bank and pay only one set of attorney fees and (b) require notice of changes in the syndicate.

("Respondent") to provide:

1. an Irrevocable Direct Pay Letter of Credit to support the non-AMT/AMT/Taxable Subordinate Airport Revenue Commercial Paper Notes ("CP Notes"),
2. a revolving direct funded loan/line of non-AMT/AMT/Taxable indexed notes with drawdown and prepayment flexibility similar to a traditional commercial paper program; and/or,
3. a fixed rate (taxable) loan in the approximate amount of \$25.955 million to be repaid in equal monthly installments from the commencement of the loan to July 1, 2019.

Financial institutions may offer to provide one or more of these types of facilities. Based upon the proposals received, the Authority will evaluate the most attractive facility or mix of facilities to meet its funding requirements.

Pre-Submittal Conference: (Attendance is not mandatory). This conference will be held in the Boardroom Conference Room at 9:00am, on April 23, 2014.

Proposal Due Date and Time: 2:00pm, on May 7, 2014.

You must be a registered Vendor on the Authority's website to view this opportunity and receive Addenda notices. Vendor registration link: <http://www.san.org/business>.

During the Vendor registration process you will be asked to select a Business Category. The Business Category for this opportunity is: 520000 Credit Intermediation and Related Activities

Department #: 25
Pub. Apr 16-00119911

Attachment 3

\$100,000,000
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE DRAWDOWN BONDS
SERIES A (NON-AMT)
SERIES B (AMT)

BOND PURCHASE AGREEMENT

_____, 2017

San Diego County Regional
Airport Authority
Commuter Terminal, 3rd Floor
3225 North Harbor Drive
San Diego, CA 92101

RBC Capital Markets, LLC (together with its successors and assigns, the “*Underwriter*”) offers to enter into this Bond Purchase Agreement (this “*Agreement*”) with the San Diego County Regional Airport Authority (the “*Authority*”), which, upon acceptance, will be binding upon the Authority and the Underwriter. This offer is made subject to the Authority’s acceptance, which acceptance shall be evidenced by the execution and delivery of this Agreement by the Authority prior to 1:00 p.m., New York City time, on _____, 2017 (such date being herein referred to as the “*Effective Date*”), and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the Authority at any time prior to acceptance; *provided*, that the obligation of the Underwriter to purchase any Subseries (as defined in the hereinafter defined Fourth Supplemental Subordinate Trust Indenture) of the Drawdown Bonds (as such term is defined in the Fourth Supplemental Subordinate Trust Indenture), and to advance any Drawings (as hereafter defined), shall be subject to the terms and conditions hereof, including, without limitation, Section 4 hereof.

To induce the Underwriter to purchase each Subseries of Drawdown Bonds and to advance Drawings (as hereinafter defined) under each Subseries of Drawdown Bonds, the Authority and RBC Municipal Products, LLC, as purchaser of each Subseries of Drawdown Bonds from the Underwriter (the “*Purchaser*”), have entered into that certain Bondholder’s Agreement dated as of _____, 2017 (as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms, the “*Bondholder’s Agreement*”), which contains certain additional terms and agreements pertaining to the Drawdown Bonds. Capitalized terms used herein and not defined shall have the meanings assigned thereto in the Fourth Supplemental Subordinate Trust Indenture and, to the extent not defined therein, in the Bondholder’s Agreement.

SECTION 1. PURCHASE AND SALE OF DRAWDOWN BONDS.

(a) *Subseries of Drawdown Bonds; Purchases; Commitment End Date.* Upon the terms and conditions and upon the basis of the representations and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriter one or more Subseries of Drawdown Bonds. The Drawdown Bonds shall be

issued in Subseries, shall bear interest at the variable rates set forth in, and shall mature on those dates as set forth in the Fourth Supplemental Subordinate Trust Indenture. Each Subseries of Drawdown Bonds shall be issued in an original maximum stated principal amount up to \$100,000,000. Each Subseries of the Drawdown Bonds shall be purchased by the Underwriter by paying to the Trustee for the account of the Authority, on the Issuance Date of such Subseries, an amount equal to 100% of the principal amount of the initial Drawing under such Subseries of Drawdown Bonds. Each Purchase of a Subseries of Drawdown Bonds that are AMT Drawdown Bonds is referred to herein as an “*AMT Purchase*” and each Purchase of Drawdown Bonds that are Non-AMT Drawdown Bonds is referred to herein as a “*Non-AMT Purchase*” and each AMT Purchase and Non-AMT Purchase is referred to herein as a “*Purchase*.” The outstanding principal amount of each Subseries of the Drawdown Bonds will be equal to 100% of the outstanding Drawings under such Subseries. The aggregate principal amount of all Drawings outstanding under all Drawdown Bonds shall not exceed \$100,000,000. No Subseries of the Drawdown Bonds may be issued and no Purchase of any Subseries of Drawdown Bonds shall be advanced by the Underwriter after [_____, 2020], or such earlier date on which the Underwriter’s commitment to purchase any Subseries of Drawdown Bonds is terminated at the election of the Authority or the Underwriter pursuant to Section 9 hereof or pursuant to the Bondholder’s Agreement or, if any such date is not a Business Day, the next preceding Business Day (“*Commitment End Date*”) and which date may be extended with the written consent of the Authority and the Underwriter.

(b) *Initial Subseries.* On the Effective Date, or such later date as determined by the Authority (the “*Initial Purchase Date*”), the Authority shall issue and the Underwriter shall purchase one or more Subseries of Drawdown Bonds that will be Non-AMT Drawdown Bonds and/or AMT Drawdown Bonds and that will be designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Subseries A-1 (Non-AMT)” and/or “San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Subseries B-1 (AMT)”, respectively (the “*Initial Subseries*”). The principal amount of the initial Drawing under the Initial Subseries shall be in an amount not less than \$5,000,000. The Underwriter shall wire the principal amount of the initial Drawing under the Initial Subseries, to the Authority on the Initial Purchase Date, so long as the conditions precedent set forth herein are satisfied.

(c) *Subsequent Issuances.* Following the issuance of the Initial Subseries, subject to the terms and conditions herein (including, without limitation, Section 4(f) hereof) and the terms and conditions set forth in the Fourth Supplemental Subordinate Trust Indenture, the Authority shall notify the Underwriter of the need for a Purchase of a new Subseries of Drawdown Bonds by providing to the Underwriter a request for purchase substantially in the form attached hereto as Exhibit A-1 or A-2, as applicable (each, a “*Request for Purchase*”) no less than ten (10) Business Days prior to the proposed purchase date of such Subseries (each date, including the Initial Issuance Date, an “*Issuance Date*”). Upon and in accordance with the immediately preceding sentence, the Underwriter shall purchase each Subseries of Drawdown Bonds set forth in such Request for Purchase by wiring immediately available funds to the Authority no later than 1:00 p.m., New York City time, on the Issuance Date specified in the Request for Purchase; *provided, however*, the Underwriter shall have received evidence satisfactory to the Underwriter in its sole discretion that all conditions to such Purchase set forth in this Agreement and the Fourth Supplemental Subordinate Trust Indenture have been satisfied; *provided, further*, that no Purchase

of any Drawdown Bonds shall be permitted hereunder on any Issuance Date if the aggregate principal amount of all Purchases and Drawings to be made on such Issuance Date would exceed the Available Commitment as in effect on such Issuance Date. Each Purchase of a subsequent Subseries of Drawdown Bonds shall be in a minimum principal amount of \$1,000,000.

(d) *Drawings.* Each Subseries of the Drawdown Bonds shall be initially purchased by the Underwriter by paying to the Trustee for the account of the Authority, on the date of issuance of such Subseries, an amount equal to 100% of the principal amount of the initial Drawing advanced to the Authority on such date of issuance and, on and after such date of issuance but prior to the Commitment End Date, the Underwriter shall pay to the Trustee for the account of the Authority draw down installments on the date of each Drawing with respect to such Subseries (each such date, a “*Drawing Date*”); *provided*, that if any Drawing Date is not an Interest Payment Date (as defined in the Fourth Supplemental Subordinate Trust Indenture), then the Underwriter shall also pay to the Trustee, for the account of the Authority, an amount equal to all accrued interest on the principal amount of such Drawing of such Subseries of the Drawdown Bonds from and including the Interest Payment Date occurring immediately prior to such Drawing Date, to but not including such Drawing Date. Each Drawing with respect to the AMT Drawdown Bonds is referred to herein as a “*AMT Drawing*” and each Drawing with respect to the Non-AMT Drawdown Bonds is a “*Non-AMT Drawing*” and each AMT Drawing and Non-AMT Drawing is sometimes referred to herein as a “*Drawing*.” The outstanding principal amount of each Subseries of the Drawdown Bonds will be equal to 100% of the aggregate principal amount of all outstanding Drawings with respect to such Subseries of the Drawdown Bonds. No Subseries of the Drawdown Bonds may be issued and no Drawing under any Subseries of Drawdown Bonds shall be advanced by the Underwriter after the Commitment End Date. No AMT Drawing on the AMT Drawdown Bonds shall be permitted hereunder if the principal amount of such AMT Drawing, when added to the principal amount of all outstanding AMT Drawings under the AMT Drawdown Bonds and all outstanding Non-AMT Drawings under the Non-AMT Drawdown Bonds, would exceed the Commitment Amount. No Non-AMT Drawing on the Non-AMT Drawdown Bonds shall be permitted hereunder if the principal amount of such Non-AMT Drawing, when added to the principal amount of all outstanding Non-AMT Drawings under the Non-AMT Drawdown Bonds and all outstanding AMT Drawings under the AMT Drawdown Bonds, would exceed the Commitment Amount. The total outstanding aggregate amount of all AMT Drawings under the AMT Drawdown Bonds and all Non-AMT Drawings under the Non-AMT Drawdown Bonds shall not exceed the Commitment Amount. The Authority shall cause each Subseries of Drawdown Bonds to be delivered through the Fast Automated Securities Transfer system of DTC.

(e) *Initial Drawing; Subsequent Drawings.* The principal amount of the initial drawing under the Initial Subseries shall be in a principal amount not less than \$5,000,000. The principal amount of each subsequent Drawing under any Drawdown Bonds, shall be in an amount not less than \$1,000,000. Following the Issuance Date of each Subseries of Drawdown Bonds, subject to the terms and conditions herein (including, without limitation, Section 4(f) hereof), the terms and conditions set forth in the Fourth Supplemental Subordinate Trust Indenture, the Authority shall notify the Underwriter of the need for a Drawing under such Subseries of Drawdown Bonds by providing to the Underwriter a request for drawing substantially in the form attached hereto as Exhibit B-1 or B-2, as applicable (each, a “*Request for Drawing*”) and duly executed by a

Designated Representative at least five (5) Business Days prior to the date on which a requested Drawing is to be made. Upon and in accordance with the immediately preceding sentence, the Underwriter shall pay the principal amount of each Drawing under a Subseries of Drawdown Bonds no later than to 10:00 a.m. California time on the date of such Drawing designated by the Authority; *provided, however*, the Underwriter shall have received evidence satisfactory to the Underwriter that all conditions to such Drawing set forth in this Agreement and the Fourth Supplemental Subordinate Trust Indenture have been satisfied. The Underwriter shall not be required (A) to honor AMT Drawings under the AMT Drawdown Bonds if, after giving effect to such AMT Drawing, the total aggregate principal of all outstanding AMT Drawings and Non-AMT Drawings would exceed the Commitment Amount, or (B) to honor Non-AMT Drawings under the Non-AMT Drawdown Bonds if, after giving effect to such Non-AMT Drawing, the total aggregate principal of all outstanding Non-AMT Drawings and AMT Drawings would exceed the Commitment Amount.

(f) *Bond Documentation.* Each Subseries of Drawdown Bonds shall be issued pursuant to the San Diego County Regional Airport Authority Act, Division 17 (Section 170000 *et seq*) of the Public Utilities Code of the State of California (the “*Act*”), and the Master Subordinate Trust Indenture, dated as of September 1, 2007 (as heretofore amended or supplemented and as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms hereof and thereof, the “*Master Subordinate Trust Indenture*”), by and between the Authority and U.S. Bank National Association, as trustee (the “*Trustee*”), and the Fourth Supplemental Subordinate Trust Indenture dated as of _____, 2017 (as amended, supplemented, restated or otherwise modified in accordance with the terms hereof and thereof, the “*Fourth Supplemental Subordinate Trust Indenture*” and, together with the Master Subordinate Trust Indenture, the “*Subordinate Trust Indenture*”), by and between the Authority and the Trustee. The Drawdown Bonds will constitute Subordinate Obligations under the Subordinate Trust Indenture.

(g) *Terms of Drawdown Bonds.* All Subseries of Drawdown Bonds shall be dated the dates, bear interest at the rates, mature on those dates, be subject to redemption and repayment and be subject to any and all other terms as specified and set forth in the Fourth Supplemental Subordinate Trust Indenture.

(h) *Investment Trust.* The Authority acknowledges and agrees that (i) the Underwriter intends to sell each Subseries of Drawdown Bonds to the Purchaser for a price equal to the principal amount of each initial Drawing under each such Subseries of Drawdown Bonds, (ii) the Purchaser may have an ownership interest in secondary market securities of which the Subseries of Drawdown Bonds form the underlying asset and (iii) the Purchaser contemplates a deposit of the Drawdown Bonds into a common law trust, a statutory trust under the Delaware statutory trust statute or another type of trust or arrangement established by the Purchaser or an affiliate of the Purchaser (each such trust referred to herein as a “*Trust*”), and Royal Bank will be the initial Credit Protection Provider for the Trust.

(i) *No Advisory or Fiduciary Duty.* The Authority acknowledges and agrees that (i) the purchase and sale of the Drawdown Bonds pursuant to this Agreement is an arm’s-length commercial transaction between the Authority and the Underwriter and the Underwriter’s

affiliates, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter and the Underwriter's affiliates are and have been acting solely as principal and are not acting as a municipal advisor (as defined in Section 15B(e)(4) of the Securities Exchange Act of 1934, as amended, or the agent or fiduciary of the Authority, (iii) neither the Underwriter nor any of the Underwriter's affiliates has assumed an advisory or fiduciary responsibility in favor of the Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter or the Underwriter's affiliates has provided other services or is currently providing other services to the Authority on other matters) and neither the Underwriter nor its affiliates has any obligation to the Authority with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (iv) the Authority has consulted with its own legal, financial and other advisors to the extent it has deemed appropriate, and (v) the Underwriter and the Underwriter's affiliates have financial and other interests that differ from those of the Authority

(j) At any time that the Drawdown Bonds are no longer maintained in book-entry form, the Authority shall provide definitive forms of the Drawdown Bonds and provide for the transfer and exchange of the Drawdown Bonds in a manner satisfactory to the Underwriter and the Purchaser.

SECTION 2. REPRESENTATIONS AND AGREEMENTS.

The Authority represents and warrants to the Underwriter as of the Effective Date, as of the Issuance Date and as of the date of each Drawing (each a "*Drawing Date*") that:

Section 2.1. Organization; Existence. The Authority is duly organized and validly existing as a local government entity of regional government organized and existing pursuant to the Act.

Section 2.2. Power and Authority. The Authority has (and had at the time of adoption, execution, delivery, issuance, sale or performance) full power, right and authority to (a) execute, deliver and perform its obligations under this Agreement and each of the Related Documents to which it is a party, and any and all instruments and documents required to be executed, adopted or delivered pursuant to or in connection herewith or therewith; (b) borrow amounts under the Subordinate Trust Indenture and hereunder and to execute, deliver and perform its obligations under the each Subseries of Drawdown Bonds and to repay the Obligations at the times and in the manner set forth in the Bondholder's Agreement and under the Drawdown Bonds and the Subordinate Trust Indenture; (c) possess, manage and operate the Airport System and carry on its business as now conducted; and (d) perform each and all of the matters and things herein and therein provided for and the Authority has complied in all material respects with the laws of the State in all matters relating to such execution, delivery and performance.

Section 2.3. Due Authorization. This Agreement, the Subordinate Trust Indenture and each of the Related Documents to which the Authority is a party have been duly authorized, executed, issued and delivered. This Agreement, the Subordinate Trust Indenture, each Subseries of Drawdown Bonds and each of the Related Documents to which the Authority is a party

constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as such enforceability may be limited by the valid exercise of judicial discretion and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium, or other similar laws and equitable principles relating to or affecting creditors' rights generally from time to time in effect. The Obligations are payable from and secured by Subordinate Net Revenues as set forth herein and in the Subordinate Trust Indenture. Each Subseries of Drawdown Bonds will be duly issued, executed and delivered in conformity with the Act and the Subordinate Trust Indenture, and constitute legal, valid and binding special obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by the valid exercise of judicial discretion and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium, or other similar laws and equitable principles relating to or affecting creditors' rights generally from time to time in effect, and entitled to the benefit and security of the Subordinate Trust Indenture.

Section 2.4. Necessary Actions Taken. The Authority has taken all actions necessary to be taken by it (a) for the execution and delivery of each Subseries of Drawdown Bonds as Subordinate Obligations; (b) for the execution, adoption and delivery by the Authority of any and all instruments and the taking of all such other actions on the part of the Authority as may be necessary or appropriate for the effectuation and consummation of the transactions on the part of the Authority contemplated by this Agreement and the Related Documents or in connection herewith or therewith; and (c) to authorize or approve, as appropriate, the execution or adoption, issuance and delivery of, and the performance of its obligations under and the transactions contemplated by this Agreement and each of the Related Documents to which it is a party and the payment of the Obligations and each Subseries of Drawdown Bonds at the times and in the manner set forth.

Section 2.5. No Contravention The execution and delivery of this Agreement and each of the Related Documents to which the Authority is a party and compliance with the provisions hereof and thereof, will not conflict with or result in a violation of the Constitution or the laws of the State, including any debt limitations or other restrictions or conditions on the debt issuing power of the Authority, and will not conflict with or result in a violation of, or breach of, or constitute a default under, any law, judgment, order, decree or administrative regulation or any of the terms, conditions or provisions of the Act, the Master Senior Indenture or the Subordinate Trust Indenture or any ordinance, judgment, decree, contract, loan agreement, note, bond, resolution, indenture, mortgage, deed of trust or other agreement or instrument to which the Authority is a party or by which it or any property of the Authority is bound and will not, except as expressly provided herein, result in the imposition or creation of any lien, charge, or encumbrance upon or invalidate or adversely affect in any way the Subordinate Net Revenues. The Authority has not received any notice, not subsequently withdrawn, given in accordance with the remedy provisions of any bond resolution or ordinance, trust indenture, guarantee or agreement or State law pertaining to bonds or notes secured by the Subordinate Net Revenues, of any default or event of default of the Authority which has not been cured, remedied or waived.

Section 2.6. Compliance The current collection of Subordinate Net Revenues and the management of the Airport System and the accounting and recordkeeping therefor are in material

compliance with all applicable state and federal laws and all applicable resolutions, ordinances and rules of the Authority. **[The Authority is in compliance with all laws, ordinances, orders, rules and regulations applicable to it, except to the extent non-compliance could not reasonably be expected to have a Material Adverse Effect.]** The Authority is in compliance with the terms and conditions of the Subordinate Trust Indenture and each of the other Related Documents to which it is a party, and no breach of the terms hereof or thereof has occurred and is continuing, and no Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default has occurred and is continuing.

Section 2.7. No Default. No default by the Authority has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness issued by the Authority and secured by the Subordinate Net Revenues. No bankruptcy, insolvency or other similar proceedings pertaining to the Authority or any agency or instrumentality of the Authority are pending or presently contemplated.

Section 2.8. No Public Vote, Referendum or Legal Change. (a) To the best knowledge of the Authority, there is no proposed amendment to the Constitution of the State or any proposed public vote, referendum or other ballot initiative, the effect of which could reasonably be expected to have a Material Adverse Effect.

(b) There is no amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any public vote or referendum or other ballot initiative or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect.

Section 2.9. No Immunity Under existing law, the Authority is not entitled to raise the defense of sovereign or governmental immunity in connection with any legal proceedings to enforce or collect upon the Bondholder's Agreement, the Drawdown Bonds, the Related Documents or the transactions contemplated hereby or thereby, including, without limitation, the payment of the Obligations; *provided, however*, that a claimant shall be required to comply with the provisions of the Tort Claims Act set forth in California Government Code Section 810 *et seq.* in tort or contract suits, actions or proceedings brought against the Authority.

Section 2.10. Litigation There is no action, investigation, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the Authority or the Airport System or any arbitration in which service of process has been completed against the Authority or the Airport System or, to the knowledge of the Authority, any other action, investigation, suit or proceeding pending or threatened in any court, any other governmental authority with jurisdiction over the Authority or the Airport System or any arbitration, in either case against the Authority or the Airport System or any of their respective properties or revenues, or any of the Related Documents to which it is a party, which if determined adversely to the Authority would adversely affect (A) the legality, validity or enforceability of this Agreement, the Drawdown Bonds or the Related Documents to which it is a party, (B) the validity, enforceability or perfection of the pledge of and lien on the Subordinate Net Revenues or on the amounts held in funds, accounts and subaccounts under the Subordinate Trust Indenture, (C) the status of the Authority as a local

government entity of regional government, organized and validly existing under the laws of the State, (D) the exemption of interest on the Drawdown Bonds from the gross income of the recipients thereof for Federal income tax purposes, or (E) the rights and remedies of the Purchaser and/or Owner Representative under any of the Related Documents or which is reasonably likely to have a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Effective Date as to which the Underwriter has received an opinion of counsel satisfactory to the Underwriter, in form and substance satisfactory to the Underwriter and its counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 2.11. Disclosure All information, reports and other papers and data with respect to the Authority furnished to the Underwriter, at the time the same were so furnished, were accurate in all material respects. Any financial, budget and other projections furnished to the Underwriter were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections.

Section 2.12. Financial Information. The Authority has delivered to the Underwriter a copy of the audited financial statements for the Authority and the Airport System for the fiscal year ended June 30, 2016. These together with related notes, fairly present the financial position and results of operation of the Authority and the Airport System as of the date and for the periods therein set forth. All such financial statements have been prepared in accordance with GAAP. There has been no material adverse change in the financial position, including the Net Revenues and Subordinate Net Revenues, results of operations or projections of revenues of the Airport System since June 30, 2016, except as disclosed in writing to the Underwriter prior to the Effective Date, which would be reasonably likely to result in a Material Adverse Effect. The Authority has no material contingent liabilities or other material contracts or commitments payable from Subordinate Net Revenues which are not reflected in such financial statements previously delivered to the Underwriter or in the notes thereto or otherwise as disclosed to the Underwriter.

Section 2.13. Official Signatures. An Authorized Authority Representative has and had full power and authority to execute, deliver and perform under this Agreement and each of the Related Documents to which the Authority is a party. Any agreement, certificate or request signed by or on behalf of any Authorized Authority Representative or Designated Representative and delivered to the Underwriter shall be deemed a representation and warranty by the Authority to the Underwriter as to the truth, accuracy and completeness of the statements made by the Authority therein.

Section 2.14. Incorporation of Representations and Warranties by Reference The Authority hereby makes to the Underwriter the same representations and warranties made by the Authority in each Related Document to which the Authority is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Underwriter with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. Except as permitted by Section 6.15 of the Bondholder's Agreement, no amendment to such representations and warranties or defined terms made pursuant to any Related Document shall be effective to

amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Underwriter.

Section 2.15. Environmental Matters. To the best knowledge of the Authority, the operations of the Airport System (i) have not become subject to any Environmental Liability nor does the Authority know of any basis for any Environmental Liability and (ii) are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations (including all Environmental Laws) and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action would have a Material Adverse Effect. The Authority has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law.

Section 2.16. Security; Pledge of Subordinate Net Revenues Securing Obligations. The Subordinate Trust Indenture creates, for the benefit of the Purchaser and the other Owners, with respect to the payment of the principal of and interest on the Drawdown Bonds and the Obligations, the legally valid, binding and irrevocable lien on and pledge of the Subordinate Net Revenues. There is no lien on the Subordinate Net Revenues other than the liens created by the Subordinate Trust Indenture. None of the Master Senior Trust Indenture, the Master Subordinate Trust Indenture or the Fourth Supplemental Subordinate Trust Indenture permit the issuance of any Debt secured by the Subordinate Net Revenues to rank senior to the payment of the principal of and interest on the Subordinate Obligations (including, but not limited to, the Drawdown Bonds and the Obligations), other than the Senior Lien Revenue Bonds and reserves established with respect to the Senior Lien Revenue Bonds. The payment of the Obligations ranks on a parity with the payment of the principal of and interest on the other Subordinate Obligations and is not subordinate to any payment secured by a lien on the Subordinate Net Revenues or any other claim other than payments with respect to the principal of, purchase price, premium, if any, and interest on the Senior Lien Revenue Bonds and the funding of reserves therefor as set forth in the Master Subordinate Trust Indenture and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien. No filing, registration, recording or publication of the Subordinate Trust Indenture or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the lien created thereby on the Subordinate Net Revenues to secure the Drawdown Bonds and the Obligations. As of the Effective Date, there is no indebtedness of the Authority payable from or secured by the Subordinate Net Revenues or amounts held in funds, accounts or subaccounts under the Subordinate Trust Indenture or any portion thereof on a basis that is on a parity with the Obligations other than the Subordinate Obligations existing as of the Effective Date. The Obligations and the Drawdown Bonds constitute "Subordinate Obligations" for purposes of the Subordinate Trust Indenture.

Section 2.17. Tax Exempt Status of Drawdown Bonds. The Authority has not taken any action and knows of no action that any other Person has taken which would cause interest on any Drawdown Bond to be included in the gross income of the recipients thereof for Federal income tax purposes.

Section 2.18. Margin Regulations. The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Drawdown Bonds, any Purchases or any Drawings hereunder were used, and no other amounts received from the Purchaser pursuant to the Bondholder's Agreement or from the Underwriter pursuant to this Agreement will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

Section 2.19. The Drawdown Bonds. The Drawdown Bonds will be duly issued and the Drawdown Bonds and the Obligations shall constitute Subordinate Obligations under the Subordinate Trust Indenture and will be entitled to the benefits thereof.

Section 2.20. Pari Passu. Under the laws of the State, the obligation of the Authority under this Agreement and the Subordinate Trust Indenture to pay interest at the applicable Drawdown Rate, the Default Rate or the Taxable Drawdown Rate as set forth herein constitutes a charge and lien on the Subordinate Net Revenues equal to and on a parity with the charge and lien upon the Subordinate Net Revenues for the payment of the other Obligations and the principal of and interest on the Drawdown Bonds and all other Subordinate Obligations under the Subordinate Trust Indenture, and, with respect to Net Revenues, subordinate only to the Senior Lien Revenue Bonds and reserves relating thereto.

Section 2.21. Maximum Interest Rate. The terms of the Related Documents (including the Drawdown Bonds) regarding the calculation of interest and fees do not violate any applicable usury laws.

Section 2.22. Valid Lien. The Authority's irrevocable pledge of the Subordinate Net Revenues and amounts hereunder and under the Subordinate Trust Indenture and in the funds, accounts and subaccounts established and maintained under the Subordinate Trust Indenture to and for the payment of the Obligations of the Authority under the Bondholder's Agreement and the Subordinate Trust Indenture and for the payment of the Obligations and the Drawdown Bonds is valid and binding and no further acts, instruments, approvals or consents are necessary for the creation, validity or perfection thereof. The provisions of the Subordinate Trust Indenture constitute a contract between the Authority and each Owner subject to the provisions of the Subordinate Trust Indenture, and each Owner (or the Owner Representative on behalf of the Owners), may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Authority as a result of issuing the Drawdown Bonds.

Section 2.23. ERISA; Plans; Employee Benefit Plans. The Authority is not subject to ERISA and maintains no Plans and has no funding obligations under any employee benefit plans which could reasonably be expected to result in a Material Adverse Effect.

Section 2.24. Solvency. After giving effect to the issuance of the Drawdown Bonds and the other obligations contemplated by this Agreement and the Bondholder's Agreement, the Authority is solvent, having assets of a fair value which exceeds the amount required to pay its debts (including contingent, subordinated, unmatured and unliquidated liabilities) as they become

absolute and matured, and the Authority is able to and anticipates that it will be able to meet its debts as they mature and has adequate capital to conduct its business in which it is engaged.

Section 2.25. Anti-Terrorism Laws. Neither the Authority nor any of Affiliates thereof is in violation of any Laws relating to terrorism or money laundering (“*Anti-Terrorism Laws*”), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “*Executive Order*”), and the Patriot Act;

(i) neither the Authority nor any Affiliate thereof is any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person with which the Underwriter, the Purchaser or any Owner is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(E) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset Control (“*OFAC*”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list; and

(ii) to the best of the Authority’s knowledge neither the Authority nor any Affiliate thereof (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (i) above, (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

Section 2.26. Sale of Drawdown Bonds to Underwriter. Neither the Authority nor anyone authorized to act on its behalf, directly or indirectly, has offered the Drawdown Bonds for sale to, or solicited any offer to buy the Drawdown Bonds from, anyone other than the Underwriter.

SECTION 3. DELIVERY OF EACH SUBSERIES OF THE DRAWDOWN BONDS; CLOSING.

At or prior to 1:00 p.m., New York City time, on the Initial Purchase Date and on any subsequent Issuance Date, the Authority will cause each Subseries of Drawdown Bonds to be

delivered to the Underwriter through the facilities of DTC in definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof and the terms and conditions set forth in the Fourth Supplemental Subordinate Trust Indenture, the Underwriter will accept for delivery and pay the purchase price for such Subseries of Drawdown Bonds as set forth herein by wire transfer in same day federal funds payable to the Trustee for the account of the Authority. Upon issuance, the ownership of each Subseries of Drawdown Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC, and the Purchaser shall be the initial beneficial owner thereof.

SECTION 4. CONDITIONS TO THE OBLIGATIONS OF THE UNDERWRITER TO PURCHASE
DRAWDOWN BONDS ON EACH ISSUANCE DATE AND TO ADVANCE DRAWINGS ON
EACH DRAWING DATE.

The Underwriter has entered into this Agreement in reliance upon the accuracy of the representations and agreements of the Authority contained herein and in the other Related Documents on the Effective Date and each respective Issuance Date and Drawing Date upon the performance by the Authority of its obligations hereunder at or prior to the Effective Date and each respective Issuance Date and Drawing Date. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for each Subseries of Drawdown Bonds on each Issuance Date and honor a Drawing on any Drawing Date will be subject to the performance by the Authority of its obligations to be performed hereunder and under the other Related Documents at or prior to each respective Issuance Date or Drawing Date, as applicable, and will also be subject to the following conditions:

(a) *Representations and Warranties.* The representations and agreements of the Authority contained herein and in the other Related Documents will be true, complete and correct on and as of the Effective Date, each Issuance Date and each Drawing Date (except to the extent any such representation or warranty specifically relates to an earlier date, then such representation or warranty shall be true and correct as of such earlier date), as applicable;

(b) *Related Documents in Full Force and Effect.* On the Effective Date, each Issuance Date and each Drawing Date, the Act, the Master Senior Trust Indenture, the Master Subordinate Trust Indenture, the Fourth Supplemental Subordinate Trust Indenture and each other Related Document will be in full force and effect and will not have been amended, modified or supplemented in any manner which would materially impair or materially adversely affect the obligations of the Authority, including, without limitation, reducing the amount of the Subordinate Net Revenues or impairing the obligations of the Authority hereunder or under the Bondholder's Agreement or with respect to the Drawdown Bonds or the rights, interests, security or remedies of the Underwriter or the Purchaser with respect to the Subordinate Net Revenues or the security provided by the Subordinate Trust Indenture, except as may have been agreed to in writing by the Underwriter;

(c) *Approvals.* On the Effective Date, each Issuance Date and each Drawing Date, all necessary approvals of the Authority relating to the issuance and sale of the Drawdown Bonds being issued or sold or drawn upon, as applicable, will be in full force and effect and will not have been amended, modified or supplemented in any manner which would materially impair or materially adversely affect the obligations of the Authority, including, without limitation, reducing the amount of the Subordinate Net Revenues or impairing the obligations of the Authority hereunder or under the Bondholder's Agreement or with respect to the Drawdown Bonds, or the rights, interests, security or remedies of the Underwriter or the Purchaser with respect to the Subordinate Net Revenues or the security provided by the Subordinate Trust Indenture, except as may have been agreed to in writing by the Underwriter, and there will have been taken all such actions as, in the opinion of Bond Counsel, are necessary or appropriate in connection with the issuance of the Drawdown Bonds or any Drawing thereunder and with the transactions contemplated hereby;

(d) *Other Documentary Conditions to Effective Date.* On or prior to the Effective Date, the Authority will have performed all of its obligations required under this Agreement and the other Related Documents to be performed at or prior to the Effective Date, and the Underwriter will have received each of the following documents in form and substance satisfactory to the Underwriter:

(i) *Resolutions.* Copies of resolution(s) of the Board approving the issuance of the Drawdown Bonds and the execution and delivery of this Agreement, the Bondholder's Agreement and the Fourth Supplemental Subordinate Trust Indenture, certified by the Director, Corporate & Information Governance/Authority Clerk as being true and complete and in full force and effect on the Effective Date;

(ii) *Related Documents.* Executed originals of (i) each of this Agreement, the Bondholder's Agreement, the other Related Documents and (ii) the MSRB G-17 Letter dated _____, 2017 (the "*MSRB G-17 Letter*"), delivered by the Underwriter and acknowledged by the Authority;

(iii) *Opinion of Counsel to the Authority.* An opinion, dated the Effective Date and addressed to the Underwriter and the Purchaser, of General Counsel of the Authority, in form and substance reasonably satisfactory to the Underwriter and its counsel, which provides for, among other opinions, the following: (1) the Authority is a local government entity of regional government, duly organized and validly existing under the laws of the State, (2) the issuance of the Drawdown Bonds and the execution, delivery and performance by the Authority of this Agreement, and the other Related Documents are within the Authority's powers, have been duly authorized by all necessary action, and require no action by or in respect of, or filing with, any governmental body, agency or official that has not been accomplished, (3) this Agreement, the Drawdown Bonds and the other Related Documents have been duly authorized, executed and delivered and are valid, binding and enforceable against the Authority, and (4) such

other matters as the Underwriter may reasonably request, in form and substance satisfactory to the Underwriter and its counsel;

(iv) *Authority Certificates.* (1) A certificate, dated the Effective Date and signed by a Designated Representative of the Authority, to the effect that (A) the representations and warranties of the Authority contained herein and in the other Related Documents and each certificate, letter, other writing or instrument delivered by the Authority to the Bank pursuant hereto or thereto are true and correct on and as of the Effective Date or the Issuance Date, as applicable, with the same effect as if made on the Effective Date, as applicable; (B) all conditions precedent to the issuance of the Drawdown Bonds (including all conditions precedent in the Subordinate Trust Indenture) and the effectiveness of the Related Documents have been satisfied; (C) no Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default has occurred and is continuing or would result from the Authority's execution and delivery of this Agreement, the Drawdown Bonds or the Fourth Supplemental Subordinate Trust Indenture or the acceptance of the Commitment by the Authority; (D) the audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2016, including the balance sheet as of such date of said period, all examined and reported on by an independent certified public accountant of recognized standing, as heretofore delivered to the Underwriter correctly and fairly present the financial condition of the Authority as of said date and the results of the operations of the Authority for such period, have been prepared in accordance with GAAP consistently applied except as stated in the notes thereto, (E) since the release of the audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2016, there has been no Material Adverse Effect, and on and prior to the Effective Date no material transactions or obligations (not in the ordinary course of business) shall have been entered into by the Authority, other than as previously advised in writing to the Underwriter, (F) to the best knowledge of the Authority, the underlying unenhanced long-term ratings assigned to the Subordinate Obligations by Moody's, S&P and Fitch have not been reduced, withdrawn or suspended by any Rating Agency since the dated date of the Rating Documentation; and (G) that all conditions in this Section 4(d) have been satisfied; and (2) a certificate of the Authority dated the Effective Date certifying as to the authority, incumbency and specimen signatures of the Authorized Authority Representatives and the Designated Representatives authorized to sign this Agreement, the Fourth Supplemental Subordinate Trust Indenture, the Drawdown Bonds, the Bondholder's Agreement and any other documents to be delivered by it hereunder and who will be authorized to represent the Authority in connection with this Agreement, upon which the Underwriter, Purchaser and Owner Representative may rely until it receives a new such certificate;

(v) *Ratings.* Satisfactory evidence that the underlying unenhanced long-term rating assigned to the Subordinate Obligations by Moody's is at least "A2" (or its equivalent), "A" (or its equivalent) by S&P and "A" (or its equivalent) by Fitch (referred to herein as the "*Rating Documentation*");

(vi) *Financial Statements.* (A) Audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2016, (B) a copy of the most recent budget of the Authority (such requirement to be satisfied if such information is available on the Authority's website) and (C) the investment policy of the Authority;

(vii) A certificate dated the Effective Date and executed by a Designated Representative, demonstrating that all necessary action on the part of the Authority shall have been taken as required for the assignment and pledge of a lien on the Subordinate Net Revenues for the benefit of the Owners as described in Section 3.1 of the Bondholder's Agreement; and

(viii) A written description of all actions, suits or proceedings pending or threatened against the Authority in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a material adverse effect on the Authority's ability to perform its obligation under this Agreement and the other Related Documents, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Underwriter may reasonably request

(ix) *Other Documents.* Such additional certificates and other documents as the Underwriter or its counsel may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby.

All the opinions, letters, certificates, instruments and other documents mentioned in this Agreement shall be deemed to be in compliance with this Agreement if, but only if, they are in form and substance satisfactory to Bond Counsel and the Underwriter.

(e) *Documentary Conditions to the Issuance of Drawdown Bonds on their respective Issuance Dates.* The Underwriter will have received each of the following documents in form and status satisfactory to the Underwriter:

(i) *Specimen Bond.* Specimen copies of the Subseries of Drawdown Bonds being issued on such date;

(ii) *Opinions of Bond Counsel.*

(A) (1) Unqualified approving opinions, dated the respective Issuance Date and addressed to the Authority, of Bond Counsel, and, for the issuance of the related Subseries, to the effect that that the interest on such Subseries of Drawdown Bonds is excludable from gross income for federal income tax purposes and such other customary matters as the Underwriter may reasonably request, and (2) a letter or letters of such counsel, dated the respective Issuance Date and addressed to the Underwriter and the Purchaser, to the effect that such unqualified approving opinions addressed

to the Authority may be relied upon by the Underwriter and the Purchaser to the same extent as if such opinion was addressed to it;

(B) An opinion, dated on each respective Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, to the effect that the related Subseries of Drawdown Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Subordinate Trust Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(C) An opinion, dated on each respective Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, as to the validity of all the Drawdown Bonds outstanding; the pledge of Subordinate Net Revenues securing the Drawdown Bonds and the Obligations constituting a valid pledge; and such other matters as the Underwriter may reasonably request, which opinion shall be in form and substance satisfactory to the Underwriter and its counsel;

(iii) *Reserved.*

(iv) *Trustee Certificate.* A certificate, dated each Issuance Date and signed by an authorized officer of the Trustee, to the effect that (A) the Trustee authenticated and delivered the related Subseries of Drawdown Bonds to the Underwriter, at the direction of the Authority and (B) the related Subseries of Drawdown Bonds were duly authenticated by an authorized officer of the Trustee;

(v) *DTC Certificate.* A certificate duly executed by the Authority for the applicable Subseries of Drawdown Bonds and containing such information as required by the Underwriter and DTC in order for the applicable Subseries of Drawdown Bonds to be delivered to DTC pursuant to the Fast Automated Securities Transfer system;

(v) *Request for Purchase.* The Underwriter, the Purchaser and the Trustee shall have received a Request for Purchase for an AMT Purchase in the form of Exhibit A-1 hereto or a Request for Purchase for a Non-AMT Purchase in the form of Exhibit A-2 hereto, as applicable, hereto dated the Issuance Date and signed by a Designated Representative of the Authority;

(vi) *Tax Certificate.* For each Purchase, the Underwriter and the Purchaser shall have received an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser. At the Authority's option, after consultation with Bond Counsel, the Authority may deliver to the Underwriter and the Purchaser an executed Tax Certificate that relates to one or more Purchases, such Tax Certificate to set forth the maximum dollar amount of Purchases and the period of time over which such Purchases are to be made;

(vii) *Conditions Certificate.* A certificate dated the Issuance Date and executed by a Designated Representative, demonstrating that as of the date of the Purchase and after giving effect to such Purchase, the Authority has complied with all conditions precedent to the issuance of Subordinate Obligations set forth in Section 2.11 of the Master Subordinate Trust Indenture; and

(viii) *Other Documents.* Such additional certificates and other documents as the Underwriter may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby.

(f) *Non-Documentary Conditions to Purchases on each Issuance Date.* At or prior to each Issuance Date for any Subseries of Drawdown Bonds, the Authority will have performed all of its obligations required under this Agreement, the Subordinate Trust Indenture and the other Related Documents to be performed at or prior to such Issuance Date, and each of the following additional conditions shall be satisfied:

(i) the representations and warranties of the Authority contained in this Agreement and in each other Related Document and certificate or other writing delivered to the Underwriter or the Purchaser pursuant hereto in connection with the transactions contemplated by this Agreement shall be, (A) in the case of representations and warranties that are not qualified by “material,” “materiality,” “Material Adverse Effect” or similar qualifier, true and correct in all material respects on such Issuance Date as though made on and as of such Issuance Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all material respects as of such earlier date, or (B) in the case of representations and warranties that are qualified by “material”, “materiality”, “Material Adverse Effect” or similar qualifier, true and correct in all respects on such Issuance Date as though made on and as of such Issuance Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all respects as of such earlier date;

(ii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Issuance Date, including all conditions to such Purchase in the Subordinate Trust Indenture;

(iii) no Bondholder’s Agreement Event of Default or Potential Bondholder’s Agreement Event of Default exists under the Bondholder’s Agreement;

(iv) the Issuance Date shall occur on or prior to the Commitment End Date and the obligation of the Underwriter to honor drawings shall not have otherwise terminated in accordance with the terms hereof;

(v) no event shall have occurred which has caused a Material Adverse Effect; and

(vi) the principal amount of such Subseries of Drawdown Bonds to be purchased on such Issuance Date, when added to the principal amount of any other Subseries of Drawdown Bonds to be purchased on such Issuance Date and the aggregate principal amount of any Drawing or Drawings to be made on such Issuance Date, if any, shall not exceed the Available Commitment in effect on such date.

(g) *Conditions to Drawings on each Drawing Date.* At or prior to each Drawing Date, the Authority will have performed all of its obligations required under this Agreement, the Subordinate Trust Indenture and the other Related Documents to be performed at or prior to such Drawing Date, and each of the following additional conditions shall be satisfied:

(i) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Drawing Date, including all conditions to such Drawing in the Subordinate Trust Indenture;

(ii) the Drawing Date shall occur on or prior to the Commitment End Date and the obligation of the Underwriter to honor drawings shall not have otherwise terminated in accordance with the terms hereof;

(iii) the Underwriter, the Purchaser and the Trustee shall have received a Request for Drawing in the form of Exhibit B-1 hereto for an AMT Drawing or a Request for Drawing for a Non-AMT Drawing in the form of Exhibit B-2 hereto, as applicable, and signed by a Designated Representative of the Authority;

(iv) (A) the Underwriter and the Purchaser shall have received an approving opinion, dated the respective Drawing Date and addressed to the Authority, the Underwriter and the Purchaser, of Bond Counsel, to the effect that the interest on such Subseries of Drawdown Bonds is excludable from gross income for federal income tax purposes and such other customary matters as the Underwriter and Purchaser may reasonably request; and (B) the Underwriter and the Purchaser shall have received an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser. At the Authority's option, after consultation with Bond Counsel, the Authority may deliver to the Underwriter and the Purchaser an executed Tax Certificate that relates to one or more Drawings that are tax-exempt, such Tax Certificate to set forth the maximum dollar amount of Drawings that are tax-exempt and the period of time over which such Drawings that are tax-exempt are to be made; and

(v) the principal amount of such Drawing to be honored on such Drawing Date, when added to the principal amount of any other Drawing to be made on such Drawing Date and the aggregate principal amount of all Subseries of

Drawdown Bonds to be purchased on such Drawing Date, if any, shall not exceed the Available Commitment in effect on such date.

If the Authority is unable to satisfy the conditions to the obligations of the Underwriter with respect to a Purchase or Drawing, the Underwriter shall not be obligated with respect to such Purchase or Drawing. Further, if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Drawdown Bonds are terminated for any reason permitted by this Agreement, this Agreement will terminate and the Underwriter and the Authority will not be under any further obligation hereunder, *provided*, that the obligations of the Authority set forth in Section 6 and the representations and agreements of the Authority contained herein will continue in full force and effect.

SECTION 5. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY; TERM OF AGREEMENT.

All of the Authority's representations and agreements shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter or on its behalf, and shall survive delivery of the Drawdown Bonds to the Underwriter.

This Agreement shall be in full force and effect from the date hereof and continue in effect until the Commitment End Date. Notwithstanding the foregoing, this Agreement may be terminated at any time at the mutual consent, evidenced in writing, of the parties hereto.

SECTION 6. PAYMENT OF EXPENSES.

(a) The Authority agrees to pay all expenses incident to the performance of the Authority's obligations under this Agreement, including, but not limited to: (i) charges made by rating agencies for any rating of the Drawdown Bonds; (ii) the fees and disbursements of Bond Counsel, the Authority's financial advisor, counsel to the Underwriter and the Purchaser and of any other experts or consultants retained by the Authority; (iii) the cost of any consent letters, statements or certificates delivered by the Authority's accountants or consultants; (iv) certain costs incurred in connection with the issuance of and the sale of Drawdown Bonds; and (v) out-of-pocket expenses of the Authority. The Underwriter shall send the Authority an invoice for any fees and disbursements of counsel to the Underwriter and the Purchaser.

(b) The Underwriter shall pay all expenses incident to the performance of its obligations under this Agreement, including, but not limited to: (i) the cost of delivering the Drawdown Bonds to the Purchaser; (ii) all other expenses incurred by it in connection with its offering and distribution of the Drawdown Bonds, including the preparation, printing and separate distribution, if any, of any "blue sky" or legal investment memoranda; and (iii) any California Debt and Investment Advisory Commission fees; *provided, however*, that any California Debt and Investment Advisory Commission fees paid by the Underwriter shall be reimbursed to the Underwriter by the Authority.

(c) Except as otherwise specifically set forth in this Agreement, in the event either the Authority or the Underwriter shall have paid obligations of the other as set forth in this Section, appropriate reimbursements and adjustments shall be made.

SECTION 7. MISCELLANEOUS AND NOTICE.

This Agreement shall inure to the benefit of the Underwriter and the Authority and their respective successors and assigns. Nothing in this Agreement is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained.

All notices, demands and formal actions shall be in writing and mailed or delivered to:

The Underwriter:

RBC Capital Markets, LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: Greg Dawley
Telephone: (213) 362-4126
Facsimile: (213) 362-4110
E-mail: greg.dawley@rbccm.com

and:

RBC Capital Markets, LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: Tom Yang
Telephone: (213) ____ - ____
Facsimile: (213) ____ - ____
E-mail: tom.a.yang@rbccm.com

And:

RBC Municipal Products, LLC
100 Second Avenue South, Suite 100
St. Petersburg, Florida 33701-4337
Attention: Thomas Carlson
Telephone: (727) 895-8899
Facsimile: (727) 895-8895
Email: thomas.carlson@rbccm.com

and

attention: Joseph Huesman
Facsimile: (212) 642-2490
Email: joseph.huesman@rbccm.com

and

Email: transactionreviewsub@rbccm.com

and

Royal Bank of Canada
Corporate Banking
Three World Financial Center, 12th Floor
200 Vesey Street
New York, New York 10281-8098
Attention: Stephanie Gordon
Telephone: (212) 618-7501
Facsimile: (212) ____ - ____
Email: stephanie.gordon@rbccm.com

and

Credit Transaction Management – Compliance
Royal Bank of Canada
200 Bay Street, South Tower, 12th Floor RBPS 12
Toronto, Ontario M5J 2J5, Canada
Attention: Kamal Grover
Facsimile: (416) 842-4020
Email: managercompliance-ctm@rbccm.com
and
transactionreviewsub@rbccm.com

The Authority:

San Diego County Regional
Airport Authority
Commuter Terminal, 3rd Floor
3225 North Harbor Drive
San Diego, CA 92101
Tax ID Number: [_____]
Attention: Vice President Finance & Asset Management/Treasurer
Telephone: (619) 400-2802
Facsimile: (619) 400-2801

(or such other addresses as may be designated in writing to the other party).

SECTION 8. NO PERSONAL LIABILITY.

No director, officer, agent or any employee of the Authority shall be charged personally by the Underwriter with any liability, or held personally accountable to the Underwriter, under any term or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, of this Agreement.

SECTION 9. RIGHT TO TERMINATE OR SUSPEND OBLIGATION.

The Underwriter will have the right to terminate its obligation under this Agreement to purchase, to accept delivery of and to pay for any Subseries of Drawdown Bonds or honor any Drawing thereunder on or prior to any Issuance Date or Drawing Date by notifying the Authority of its election to do so if:

(a) Legislation shall be enacted or adopted by the United States, or any action shall be taken by, or on behalf of, the Securities and Exchange Commission (the "*Commission*") which, in the reasonable opinion of the Underwriter, has the effect of requiring the contemplated distribution of the Drawdown Bonds (or any underlying obligation) to be registered under the Securities Act of 1933, as amended, or the Subordinate Trust Indenture to be qualified under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies, and compliance therewith cannot be accomplished prior to the Issuance Date or Drawing Date, as applicable; or

(b) Legislation shall be enacted or adopted by the United States of America, or a decision by a Court of the United States of America shall be rendered, or a stop order, ruling, release, regulation, official statement or no-action letter by or on behalf of the Commission or any other governmental agency having jurisdiction of the subject matter of the Drawdown Bonds shall have been proposed, issued or made (which is beyond the control of the Underwriter or the Authority to prevent or avoid) to the effect that the issuance, offering or sale of the Subseries of Drawdown Bonds or the honoring of any Drawing, including all the underlying obligations as contemplated by this Agreement, or any document relating to the issuance, offering or sale of the applicable Subseries of Drawdown Bonds or the honoring of the applicable Drawing is or would be in violation of any of the federal securities laws at the Issuance Date or Drawing Date, as applicable, including the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and then in effect, or the Trust Indenture Act of 1939, as amended and then in effect, or with the purpose or effect of otherwise prohibiting the offering and sale of obligations of the general character of the Drawdown Bonds, as contemplated by this Agreement; or

(c) Any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Authority which, in the reasonable judgment of the Underwriter, shall prohibit or impair the Authority's ability to issue securities; or

(d) The Owner Representative shall have delivered notice to the Authority of the occurrence of a Bondholder's Agreement Event of Default.

The Underwriter will have the right to suspend its obligation under this Agreement to purchase, to accept delivery of and to pay for the Drawdown Bonds or to honor Drawings on or prior to any Issuance Date or Drawing Date, as applicable, by notifying the Authority of its election to do so if:

(a) A general banking moratorium shall have been declared by the United States of America, New York or State authorities; or

(b) Trading in any securities of the Authority shall have been suspended on any national securities exchange; or a general suspension of trading or enactment of limited or minimum prices shall have been established on the New York Stock Exchange or the American Stock Exchange or other national securities exchange due to an outbreak or escalation of hostilities, declaration by the United States of a national emergency, war or other national or international calamity or crisis, including a financial crisis, after the execution of this Agreement.

Such suspension shall continue for so long as the related suspension event continues as determined by the Underwriter in its reasonable determination.

The Authority may at any time and at its sole option terminate the Commitment and this Agreement upon three (3) Business Days' prior written notice to the Purchaser. As a condition to any such termination, the Authority shall pay or cause to be paid all Other Obligations owed.

SECTION 10. APPLICABLE LAW; NON-ASSIGNABILITY.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS. This Agreement shall not be assigned by the Authority.

EACH OF PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA AND ANY COURT IN THE STATE OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST OR BY IT IN CONNECTION WITH THIS AGREEMENT OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RELATED THERETO, AND THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH CALIFORNIA STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. THE PARTIES AGREE THAT A FINAL NON-APPEALABLE JUDGMENT IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE AND AGREE NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR

PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THE RELATED DOCUMENTS OR THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS.

SECTION 11. EXECUTION OF COUNTERPARTS; EFFECTIVE UPON ACCEPTANCE.

This Agreement is made solely for the benefit of the Authority and the Underwriter (including the successors or assigns of any of said parties), and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument, and will become a binding agreement between the Authority and the Underwriter when at least one counterpart of this Agreement shall have been signed on behalf of each of the parties hereto. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page. This Agreement shall supersede all previous agreements relating to the same subject matter between the parties and shall become effective upon acceptance by the Authority as evidenced by the execution hereof by an authorized officer of the Authority as set forth below.

[Signature Pages Follow]

Very truly yours,

RBC CAPITAL MARKETS, LLC

By: _____
Authorized Officer

Accepted and agreed to on the []th day of
_____, 2017, at **[5:00 p.m. EDT]**:

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
[Name]
[Title]

Attest:

By: _____
[Name]
[Title]

Approved as to form:

By: _____
[Name]
General Counsel

EXHIBIT A-1

FORM OF REQUEST FOR NON-AMT PURCHASE

[DATE]

RBC Capital Markets, LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: Greg Dawley
Telephone: (213) 362-4126
Facsimile: (213) 362-4110
E-mail: greg.dawley@rbccm.com

RBC Capital Markets, LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: Tom Yang
Telephone: (213) ____-_____
Facsimile: (213) ____-_____
E-mail: tom.a.yang@rbccm.com

RBC Municipal Products, LLC
Three World Financial Center, 9th Floor
200 Vesey Street
New York, New York 10281-8098
Attention: Thomas Carlson
Telephone: (727) 895-8899
Facsimile: (727) 895-8895
Email: thomas.carlson@rbccm.com
and
attention: Joseph Huesman
Facsimile: (212) 642-2490
Email: joseph.huesman@rbccm.com
and:
Email: transactionreviewsub@rbccm.com

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services
Telephone: 213.615.6023
Facsimile: 213.615.6197

Royal Bank of Canada
Corporate Banking
Three World Financial Center, 12th Floor
200 Vesey Street
New York, NY 10281-8098
Attention: Stephanie Gordon
Telephone: (212) 618-7501
Facsimile: (212) ____-_____
Email: stephanie.gordon@rbccm.com

Credit Transaction Management – Compliance
Royal Bank of Canada
200 Bay Street, South Tower, 12th Floor RBPS
12
Toronto, Ontario M5J 2J5, Canada
Attention: Kamal Grover
Facsimile: (416) 842-4020
Email: managercompliance-ctm@rbccm.com
and
transactionreviewsub@rbccm.com

\$100,000,000
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE DRAWDOWN BONDS
SUBSERIES A-__ (NON-AMT)

Ladies and Gentlemen:

Pursuant to the provisions set forth in the Master Subordinate Trust Indenture, dated as of September 1, 2007 (as heretofore amended or supplemented and as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms thereof, the “*Master Subordinate Trust Indenture*”), by and between the San Diego County Regional Airport Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”), and the Fourth Supplemental Subordinate Trust Indenture dated as of _____, 2017 (as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms of thereof, the “*Fourth Supplemental Subordinate Trust Indenture*” and, together with the Master Subordinate Trust Indenture, the “*Subordinate Trust Indenture*”), by and between the Authority and the Trustee, and the Bond Purchase Agreement, dated _____, 2017 (as amended, supplemented or otherwise modified, the “*BPA*”), between RBC Capital Markets, LLC (the “*Underwriter*”) and the Authority, the undersigned Designated Representative hereby requests a Purchase of the above-captioned Subseries of Drawdown Bonds in the principal amount of \$_____ on the ____ day of _____, 20__ (the “*Issuance Date*”) at a purchase price equal to \$[_____] (the principal amount of the initial Drawing under such Subseries). This Purchase shall only apply to the above-captioned Subseries of Drawdown Bonds and shall not be used for any other Drawdown Bonds which may also be issued under the Subordinate Trust Indenture. Capitalized terms used herein and not defined shall have the meanings assigned thereto in the BPA. The proceeds of this Purchase shall be wired to the Trustee as follows:

Account Number: _____
Account Name: _____
Reference: [_____]

As of the Issuance Date, the following information is true and correct:

| CURRENT CUMULATIVE AMOUNTS | PRINCIPAL AMOUNT |
|--|------------------|
| Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds purchased to date: | |
| Cumulative principal amount of Drawings on the AMT Drawdown Bonds and Non-AMT Drawdown Bonds to date: | |
| Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds redeemed or repaid to date: | |
| Cumulative principal amount of Outstanding AMT Drawdown Bonds and Non-AMT Drawdown Bonds prior to this Purchase: | |

| | |
|--|--|
| Cumulative Principal amount Outstanding under the AMT Drawdown Bonds and the Non-AMT Drawdown Bonds prior to this Purchase: | |
| PURCHASE AMOUNT | |
| Principal amount of this Purchase of the above-captioned Subseries of Non-AMT Drawdown Bonds: | |
| ISSUANCE DATE ADJUSTED OUTSTANDING AMOUNTS | |
| AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Issuance Date: | |
| Non-AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Issuance Date: | |
| Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount of AMT Drawdown Bonds: | |
| Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount of Non-AMT Drawdown Bonds: | |
| Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount under AMT Drawdown Bonds: | |
| Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount under Non-AMT Drawdown Bonds: | |
| Following this Purchase and redemptions and repayments on the Issuance Date, the aggregate Outstanding principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds and Outstanding principal amounts under AMT Drawdown Bonds and Non-AMT Drawdown Bonds | |

Simultaneously upon receipt by the Trustee from the Underwriter on the Issuance Date of a federal funds wire, for the account of the Authority, in the amount of \$_____, representing the agreed purchase price for the Purchase, the Trustee is hereby requested and authorized to authenticate and deliver the above-captioned Subseries of Drawdown Bonds.

As of the date hereof and on the Issuance Date:

(i) the representations and warranties of the Authority contained in the BPA and in each other Related Document and certificate or other writing delivered to the Underwriter or the Purchaser pursuant thereto in connection with the transactions contemplated by the BPA are, (A) in the case of representations and warranties that are not qualified by “material,” “materiality,” “Material Adverse Effect” or similar qualifier, true and correct in all material respects on the Issuance Date as though made on and as of the Issuance Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all material respects as of such earlier date, or (B) in the case of representations and warranties that are qualified by “material,” “materiality,” “Material Adverse Effect” or

similar qualifier, true and correct in all respects on the Issuance Date as though made on and as of the Issuance Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all respects as of such earlier date;

(ii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Issuance Date, including all conditions to such Purchase in the Subordinate Trust Indenture;

(iii) no Event of Default (as defined in the Subordinate Trust Indenture) exists under the Subordinate Trust Indenture and no Bondholder's Agreement Event of Default or Potential Bondholder's Agreement Event of Default (as defined in the Bondholder's Agreement) exists under the Bondholder's Agreement; and

(iv) no event shall have occurred which has caused a Material Adverse Effect; and

(v) the principal amount of the above-captioned Subseries of Drawdown Bonds to be purchased on such Issuance Date, when added to the principal amount of any other Subseries of Drawdown Bonds to be purchased on such Issuance Date and the aggregate principal amount of the Drawing or Drawings to be made on such Issuance Date, when added to the principal amount of all outstanding Drawings, shall not exceed the Available Commitment in effect on such date.

The undersigned hereby acknowledges that the obligation of the Underwriter to honor this Request for Purchase on the Issuance Date is subject to the condition that the Commitment End Date shall not have occurred before such Issuance Date and to the receipt by the Underwriter and the Purchaser on or before the Issuance Date of:

(i) (1) unqualified approving opinions, dated the Issuance Date and addressed to the Authority, of Bond Counsel, and, for the issuance of the above-captioned Subseries of Drawdown Bonds, to the effect that the interest on all Drawdown Bonds is excludable from gross income for federal income tax purposes and such other customary matters as the Underwriter may reasonably request, and (2) a letter or letters of such counsel, dated the Issuance Date and addressed to the Underwriter and the Purchaser, to the effect that such unqualified approving opinions addressed to the Authority may be relied upon by the Underwriter and the Purchaser to the same extent as if such opinion was addressed to it;

(ii) an opinion, dated the Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, to the effect that the above-captioned Subseries of Drawdown Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Subordinate Trust Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(iii) an opinion, dated the Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, as to the validity of all the Drawdown Bonds outstanding;

the pledge of Subordinate Net Revenues securing the Drawdown Bonds and the Obligations constituting a valid pledge; and such other matters as the Bank may reasonably request, which opinion shall be in form and substance satisfactory to the Underwriter and the Purchaser;

(iv) (A) an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser and (B) a certificate of the Authority signed by any of the duly authorized officials and representatives of the Authority setting forth the reasonable expectations of the Authority deemed necessary and appropriate by Bond Counsel to support the conclusion that the above-captioned Subseries of Drawdown Bonds will not be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code;

(v) a certificate dated the Issuance Date and executed by a Designated Representative, demonstrating that as of the date of the Purchase and after giving effect to such Purchase, the Authority has complied with all conditions precedent to the issuance of Subordinate Obligations set forth in Section 2.11 of the Master Subordinate Indenture;

(vi) a certificate, dated the Issuance Date and signed by an authorized officer of the Trustee, to the effect that (A) the Trustee authenticated and delivered the above-captioned Subseries of Drawdown Bonds to the Underwriter, at the direction of the Authority and (B) the above-captioned Subseries of Drawdown Bonds were duly authenticated by an authorized officer of the Trustee;

(vii) a certificate duly executed by the Authority for the above-captioned Subseries of Drawdown Bonds and containing such information as required by the Underwriter and DTC in order for the above-captioned Subseries of Drawdown Bonds to be delivered to DTC pursuant to the Fast Automated Securities Transfer system; and

(viii) a specimen copies of the Subseries of Drawdown Bonds being issued on such date

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned has set his/her hand as of the date written above on behalf of the Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Designated Representative

EXHIBIT A-2

FORM OF REQUEST FOR AMT PURCHASE

[DATE]

RBC Capital Markets, LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: Greg Dawley
Telephone: (213) 362-4126
Facsimile: (213) 362-4110
E-mail: greg.dawley@rbccm.com

RBC Capital Markets, LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: Tom Yang
Telephone: (213) ____-_____
Facsimile: (213) ____-_____
E-mail: tom.a.yang@rbccm.com

RBC Municipal Products, LLC
Three World Financial Center, 9th Floor
200 Vesey Street
New York, New York 10281-8098
Attention: Thomas Carlson
Telephone: (727) 895-8899
Facsimile: (727) 895-8895
Email: thomas.carlson@rbccm.com
and
attention: Joseph Huesman
Facsimile: (212) 642-2490
Email: joseph.huesman@rbccm.com
and:
Email: transactionreviewsub@rbccm.com

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services
Telephone: 213.615.6023
Facsimile: 213.615.6197

Royal Bank of Canada
Corporate Banking
Three World Financial Center, 12th Floor
200 Vesey Street
New York, NY 10281-8098
Attention: Stephanie Gordon
Telephone: (212) 618-7501
Facsimile: (212) ____-_____
Email: stephanie.gordon@rbccm.com

Credit Transaction Management – Compliance
Royal Bank of Canada
200 Bay Street, South Tower, 12th Floor RBPS
12
Toronto, Ontario M5J 2J5, Canada
Attention: Kamal Grover
Facsimile: (416) 842-4020
Email: managercompliance-ctm@rbccm.com
and
transactionreviewsub@rbccm.com

\$100,000,000
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE DRAWDOWN BONDS
SUBSERIES B-__ (AMT)

Ladies and Gentlemen:

Pursuant to the provisions set forth in the Master Subordinate Trust Indenture, dated as of September 1, 2007 (as heretofore amended or supplemented and as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms thereof, the “*Master Subordinate Trust Indenture*”), by and between the San Diego County Regional Airport Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”), and the Fourth Supplemental Subordinate Trust Indenture dated as of _____, 2017 (as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms of thereof, the “*Fourth Supplemental Subordinate Trust Indenture*” and, together with the Master Subordinate Trust Indenture, the “*Subordinate Trust Indenture*”), by and between the Authority and the Trustee, and the Bond Purchase Agreement, dated _____, 2017 (as amended, supplemented or otherwise modified, the “*BPA*”), between RBC Capital Markets, LLC (the “*Underwriter*”) and the Authority, the undersigned Designated Representative hereby requests a Purchase of the above-captioned Subseries of Drawdown Bonds in the principal amount of \$_____ on the ____ day of _____, 20__ (the “*Issuance Date*”) at a purchase price equal to \$[_____] (the principal amount of the initial Drawing under such Subseries). This Purchase shall only apply to the above-captioned Subseries of Drawdown Bonds and shall not be used for any other Drawdown Bonds which may also be issued under the Subordinate Trust Indenture. Capitalized terms used herein and not defined shall have the meanings assigned thereto in the BPA. The proceeds of this Purchase shall be wired to the Trustee as follows:

Account Number: _____
Account Name: _____
Reference: [_____]

As of the Issuance Date, the following information is true and correct:

| CURRENT CUMULATIVE AMOUNTS | PRINCIPAL AMOUNT |
|--|------------------|
| Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds purchased to date: | |
| Cumulative principal amount of Drawings on the AMT Drawdown Bonds and Non-AMT Drawdown Bonds to date: | |
| Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds redeemed or repaid to date: | |
| Cumulative principal amount of Outstanding AMT Drawdown Bonds and Non-AMT Drawdown Bonds prior to this Purchase: | |

| | |
|--|--|
| Cumulative Principal amount Outstanding under the AMT Drawdown Bonds and the Non-AMT Drawdown Bonds prior to this Purchase: | |
| PURCHASE AMOUNT | |
| Principal amount of this Purchase of the above-captioned Subseries of Non-AMT Drawdown Bonds: | |
| ISSUANCE DATE ADJUSTED OUTSTANDING AMOUNTS | |
| AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Issuance Date: | |
| Non-AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Issuance Date: | |
| Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount of AMT Drawdown Bonds: | |
| Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount of Non-AMT Drawdown Bonds: | |
| Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount under AMT Drawdown Bonds: | |
| Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount under Non-AMT Drawdown Bonds: | |
| Following this Purchase and redemptions and repayments on the Issuance Date, the aggregate Outstanding principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds and Outstanding principal amounts under AMT Drawdown Bonds and Non-AMT Drawdown Bonds | |

Simultaneously upon receipt by the Authority from the Underwriter on the Issuance Date of a federal funds wire, for the account of the Authority, in the amount of \$_____, representing the agreed purchase price for the Purchase, the Trustee is hereby requested and authorized to authenticate and deliver the above-captioned Subseries of Drawdown Bonds.

As of the date hereof and on the Issuance Date:

(i) the representations and warranties of the Authority contained in the BPA and in each other Related Document and certificate or other writing delivered to the Underwriter or the Purchaser pursuant thereto in connection with the transactions contemplated by the BPA are, (A) in the case of representations and warranties that are not qualified by “material,” “materiality,” “Material Adverse Effect” or similar qualifier, true and correct in all material respects on the Issuance Date as though made on and as of the Issuance Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all material respects as of such earlier date, or (B) in the case of representations and warranties that are qualified by “material,” “materiality,” “Material Adverse Effect” or

similar qualifier, true and correct in all respects on the Issuance Date as though made on and as of the Issuance Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all respects as of such earlier date;

(ii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Issuance Date, including all conditions to such Purchase in the Fourth Supplemental Subordinate Trust Indenture;

(iii) no Event of Default (as defined in the Subordinate Trust Indenture) exists under the Subordinate Trust Indenture and no Bondholder's Agreement Event of Default or Potential Bondholder's Agreement Event of Default (as defined in the Bondholder's Agreement) exists under the Bondholder's Agreement; and

(iv) no event shall have occurred which has caused a Material Adverse Effect; and

(v) the principal amount of the above-captioned Subseries of Drawdown Bonds to be purchased on such Issuance Date, when added to the principal amount of any other Subseries of Drawdown Bonds to be purchased on such Issuance Date and the aggregate principal amount of the Drawing or Drawings to be made on such Issuance Date, when added to the principal amount of all outstanding Drawings, shall not exceed the Available Commitment in effect on such date.

The undersigned hereby acknowledges that the obligation of the Underwriter to honor this Request for Purchase on the Issuance Date is subject to the condition that the Commitment End Date shall not have occurred before such Issuance Date and to the receipt by the Underwriter and the Purchaser on or before the Issuance Date of:

(i) (1) unqualified approving opinions, dated the Issuance Date and addressed to the Authority, of Bond Counsel, and, for the issuance of the above-captioned Subseries of Drawdown Bonds, to the effect that the interest on all Drawdown Bonds is excludable from gross income for federal income tax purposes and such other customary matters as the Underwriter may reasonably request, and (2) a letter or letters of such counsel, dated the Issuance Date and addressed to the Underwriter and the Purchaser, to the effect that such unqualified approving opinions addressed to the Authority may be relied upon by the Underwriter and the Purchaser to the same extent as if such opinion was addressed to it;

(ii) an opinion, dated the Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, to the effect that the above-captioned Subseries of Drawdown Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Subordinate Trust Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(iii) an opinion, dated the Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, as to the validity of all the Drawdown Bonds outstanding;

the pledge of Subordinate Net Revenues securing the Drawdown Bonds and the Obligations constituting a valid pledge; and such other matters as the Bank may reasonably request, which opinion shall be in form and substance satisfactory to the Underwriter and the Purchaser;

(iv) (A) an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser and (B) a certificate of the Authority signed by any of the duly authorized officials and representatives of the Authority setting forth the reasonable expectations of the Authority deemed necessary and appropriate by Bond Counsel to support the conclusion that the above-captioned Subseries of Drawdown Bonds will not be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code;

(v) a certificate dated the Issuance Date and executed by a Designated Representative, demonstrating that as of the date of the Purchase and after giving effect to such Purchase, the Authority has complied with all conditions precedent to the issuance of Subordinate Obligations set forth in Section 2.11 of the Master Subordinate Indenture.

(vi) a certificate, dated the Issuance Date and signed by an authorized officer of the Trustee, to the effect that (A) the Trustee authenticated and delivered the above-captioned Subseries of Drawdown Bonds to the Underwriter, at the direction of the Authority and (B) the above-captioned Subseries of Drawdown Bonds were duly authenticated by an authorized officer of the Trustee;

(vii) a certificate duly executed by the Authority for the above-captioned Subseries of Drawdown Bonds and containing such information as required by the Underwriter and DTC in order for the above-captioned Subseries of Drawdown Bonds to be delivered to DTC pursuant to the Fast Automated Securities Transfer system; and

(viii) a specimen copies of the Subseries of Drawdown Bonds being issued on such date.

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned has set his/her hand as of the date written above on behalf of the Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Designated Representative

EXHIBIT B-1

FORM OF REQUEST FOR NON-AMT DRAWING

[DATE]

RBC Capital Markets, LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: Greg Dawley
Telephone: (213) 362-4126
Facsimile: (213) 362-4110
E-mail: greg.dawley@rbccm.com

RBC Capital Markets, LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: Tom Yang
Telephone: (213) ____ - ____
Facsimile: (213) ____ - ____
E-mail: tom.a.yang@rbccm.com

RBC Municipal Products, LLC
Three World Financial Center, 9th Floor
200 Vesey Street
New York, New York 10281-8098
Attention: Thomas Carlson
Telephone: (727) 895-8899
Facsimile: (727) 895-8895
Email: thomas.carlson@rbccm.com
and
attention: Joseph Huesman
Facsimile: (212) 642-2490
Email: joseph.huesman@rbccm.com
and:
Email: transactionreviewsub@rbccm.com

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services
Telephone: 213.615.6023
Facsimile: 213.615.6197

Royal Bank of Canada
Corporate Banking
Three World Financial Center, 12th Floor
200 Vesey Street
New York, NY 10281-8098
Attention: Stephanie Gordon
Telephone: (212) 618-7501
Facsimile: (212) ____ - ____
Email: stephanie.gordon@rbccm.com

Credit Transaction Management – Compliance
Royal Bank of Canada
200 Bay Street, South Tower, 12th Floor RBPS
12
Toronto, Ontario M5J 2J5, Canada
Attention: Kamal Grover
Facsimile: (416) 842-4020
Email: managercompliance-ctm@rbccm.com
and
transactionreviewsub@rbccm.com

\$100,000,000
San Diego County Regional Airport Authority
Subordinate Airport Revenue Drawdown Bonds
Subseries A-__ (Non-AMT)

Ladies and Gentlemen:

Pursuant to the provisions set forth in the Master Subordinate Trust Indenture, dated as of September 1, 2007 (as heretofore amended or supplemented and as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms thereof, the “*Master Subordinate Trust Indenture*”), by and between the San Diego County Regional Airport Authority (the “*Authority*”) and U.S. Bank National Association, as trustee (the “*Trustee*”), and the Fourth Supplemental Subordinate Trust Indenture dated as of _____, 2017 (as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms of thereof, the “*Fourth Supplemental Subordinate Trust Indenture*” and, together with the Master Subordinate Trust Indenture, the “*Subordinate Trust Indenture*”), by and between the Authority and the Trustee and the Bond Purchase Agreement, dated _____, 2017 (as amended, supplemented or otherwise modified, the “*BPA*”), between RBC Capital Markets, LLC (the “*Underwriter*”) and the Authority, the undersigned Designated Representative hereby requests a Drawing under the above-captioned Subseries of Non-AMT Drawdown Bonds in the principal amount of \$_____ on the ____ day of _____, 20__ (the “*Drawing Date*”); *provided*, that if the Drawing Date is not an Interest Payment Date, then the Underwriter shall also pay to the Trustee, for the account of the Authority, an amount equal to all accrued interest on the principal amount of this Drawing from and including the Interest Payment Date occurring immediately prior to the Drawing Date, to but not including such Drawing Date. This Drawing shall only apply to the Non-AMT Drawdown Bonds and shall not be used for the AMT Drawdown Bonds which may also be issued under the Fourth Supplemental Subordinate Trust Indenture. Capitalized terms used herein and not defined shall have the meanings assigned thereto in the BPA.

As of the Drawing Date:

| CURRENT CUMULATIVE AMOUNTS | PRINCIPAL AMOUNT |
|--|------------------|
| Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds purchased to date: | |
| Cumulative principal amount of Drawings on the AMT Drawdown Bonds and Non-AMT Drawdown Bonds to date: | |
| Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds redeemed or repaid to date: | |
| Cumulative Principal amount of Outstanding AMT Drawdown Bonds and Non-AMT Drawdown Bonds prior to this Drawing: | |
| Cumulative Principal amount Outstanding under AMT Drawdown Bonds and Non-AMT Drawdown Bonds prior to this Drawing: | |
| | |

| | |
|---|--|
| DRAWING AMOUNT | |
| Principal amount of Drawing on Non-AMT Drawdown Bonds: | |
| DRAWING DATE ADJUSTED OUTSTANDING AMOUNTS | |
| AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Drawing Date: | |
| Non-AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Drawing Date: | |
| Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount of AMT Drawdown Bonds: | |
| Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount of Non-AMT Drawdown Bonds: | |
| Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount under AMT Drawdown Bonds: | |
| Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount under Non-AMT Drawdown Bonds: | |
| Following this Drawing and redemptions and repayments on the Drawing Date, the aggregate Outstanding principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds and Outstanding principal amounts under AMT Drawdown Bonds and Non-AMT Drawdown Bonds: | |

As of the date hereof and on the Drawing Date:

(i) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Drawing Date, including all conditions to such Drawing in the Subordinate Trust Indenture; and

(ii) the principal amount of this Drawing to be honored on the Drawing Date, when added to the principal amount of any other Drawing to be made on such Drawing Date and the aggregate principal amount of all Subseries of Drawdown Bonds to be purchased on the Drawing Date, if any, shall not exceed the Available Commitment in effect on such date.

The undersigned hereby acknowledges that the obligation of the Underwriter to honor this Drawing on the Drawing Date is subject to the condition that the Commitment End Date shall not have occurred before such Drawing Date and to the receipt by the Underwriter and the Purchaser on or before the Drawing Date of:

(i) an approving opinion, dated the respective Drawing Date and addressed to the Authority, the Underwriter and the Purchaser, of Bond Counsel, to the effect that that the interest on such Subseries of Non-AMT Drawdown Bonds is excludable from gross

income for federal income tax purposes and such other customary matters as the Underwriter may reasonably request;

(ii) The Underwriter and the Purchaser shall have received an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser.

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned has set his/her hand as of the date written above on behalf of the Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Designated Representative

EXHIBIT B-2

FORM OF REQUEST FOR NON-AMT DRAWING

[DATE]

RBC Capital Markets, LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: Greg Dawley
Telephone: (213) 362-4126
Facsimile: (213) 362-4110
E-mail: greg.dawley@rbccm.com

RBC Capital Markets, LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: Tom Yang
Telephone: (213) ____ - ____
Facsimile: (213) ____ - ____
E-mail: tom.a.yang@rbccm.com

RBC Municipal Products, LLC
Three World Financial Center, 9th Floor
200 Vesey Street
New York, New York 10281-8098
Attention: Thomas Carlson
Telephone: (727) 895-8899
Facsimile: (727) 895-8895
Email: thomas.carlson@rbccm.com
and
attention: Joseph Huesman
Facsimile: (212) 642-2490
Email: joseph.huesman@rbccm.com
and:
Email: transactionreviewsub@rbccm.com

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services
Telephone: 213.615.6023
Facsimile: 213.615.6197

Royal Bank of Canada
Corporate Banking
Three World Financial Center, 12th Floor
200 Vesey Street
New York, NY 10281-8098
Attention: Stephanie Gordon
Telephone: (212) 618-7501
Facsimile: (212) ____ - ____
Email: stephanie.gordon@rbccm.com

Credit Transaction Management – Compliance
Royal Bank of Canada
200 Bay Street, South Tower, 12th Floor RBPS
12
Toronto, Ontario M5J 2J5, Canada
Attention: Kamal Grover
Facsimile: (416) 842-4020
Email: managercompliance-ctm@rbccm.com
and
transactionreviewsub@rbccm.com

\$100,000,000
San Diego County Regional Airport Authority
Subordinate Airport Revenue Drawdown Bonds
Subseries B-__ (AMT)

Ladies and Gentlemen:

Pursuant to the provisions set forth in the Master Subordinate Trust Indenture, dated as of September 1, 2007 (as heretofore amended or supplemented and as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms thereof, the “*Master Subordinate Trust Indenture*”), by and between the San Diego County Regional Airport Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”), and the Fourth Supplemental Subordinate Trust Indenture dated as of _____, 2017 (as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms of thereof, the “*Fourth Supplemental Subordinate Trust Indenture*” and, together with the Master Subordinate Trust Indenture, the “*Subordinate Trust Indenture*”), by and between the Authority and the Trustee and the Bond Purchase Agreement, dated _____, 2017 (as amended, supplemented or otherwise modified, the “*BPA*”), between RBC Capital Markets, LLC (the “*Underwriter*”) and the Authority, the undersigned Designated Representative hereby requests a Drawing under the above-captioned Subseries of AMT Drawdown Bonds in the principal amount of \$_____ on the ____ day of _____, 20__ (the “*Drawing Date*”); *provided*, that if the Drawing Date is not an Interest Payment Date, then the Underwriter shall also pay to the Trustee, for the account of the Authority, an amount equal to all accrued interest on the principal amount of this Drawing from and including the Interest Payment Date occurring immediately prior to the Drawing Date, to but not including such Drawing Date. This Drawing shall only apply to the AMT Drawdown Bonds and shall not be used for the Non-AMT Drawdown Bonds which may also be issued under the Fourth Supplemental Subordinate Trust Indenture. Capitalized terms used herein and not defined shall have the meanings assigned thereto in the BPA.

As of the Drawing Date:

| CURRENT CUMULATIVE AMOUNTS | PRINCIPAL AMOUNT |
|--|------------------|
| Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds purchased to date: | |
| Cumulative principal amount of Drawings on the AMT Drawdown Bonds and Non-AMT Drawdown Bonds to date: | |
| Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds redeemed or repaid to date: | |
| Cumulative Principal amount of Outstanding AMT Drawdown Bonds and Non-AMT Drawdown Bonds prior to this Drawing: | |
| Cumulative Principal amount Outstanding under AMT Drawdown Bonds and Non-AMT Drawdown Bonds prior to this Drawing: | |
| | |

| | |
|---|--|
| DRAWING AMOUNT | |
| Principal amount of Drawing on AMT Drawdown Bonds: | |
| DRAWING DATE ADJUSTED OUTSTANDING AMOUNTS | |
| AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Drawing Date: | |
| Non-AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Drawing Date: | |
| Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount of AMT Drawdown Bonds: | |
| Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount of Non-AMT Drawdown Bonds: | |
| Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount under AMT Drawdown Bonds: | |
| Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount under Non-AMT Drawdown Bonds: | |
| Following this Drawing and redemptions and repayments on the Drawing Date, the aggregate Outstanding principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds and Outstanding principal amounts under AMT Drawdown Bonds and Non-AMT Drawdown Bonds: | |

As of the date hereof and on the Drawing Date:

(i) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Drawing Date, including all conditions to such Drawing in the Subordinate Trust Indenture; and

(ii) the principal amount of this Drawing to be honored on the Drawing Date, when added to the principal amount of any other Drawing to be made on such Drawing Date and the aggregate principal amount of all Subseries of Drawdown Bonds to be purchased on the Drawing Date, if any, shall not exceed the Available Commitment in effect on such date.

The undersigned hereby acknowledges that the obligation of the Underwriter to honor this Drawing on the Drawing Date is subject to the condition that the Commitment End Date shall not have occurred before such Drawing Date and to the receipt by the Underwriter and the Purchaser on or before the Drawing Date of:

(i) an approving opinion, dated the respective Drawing Date and addressed to the Authority, the Underwriter and the Purchaser, of Bond Counsel, to the effect that that the interest on such Subseries of AMT Drawdown Bonds is excludable from gross income

for federal income tax purposes and such other customary matters as the Underwriter may reasonably request;

(ii) The Underwriter and the Purchaser shall have received an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser.

Capitalized terms used herein and not defined shall have the meanings assigned thereto in the BPA.

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned has set his/her hand as of the date written above on behalf of the Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Designated Representative

BONDHOLDER'S AGREEMENT

dated as of _____ 1, 2017

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

RBC MUNICIPAL PRODUCTS, LLC

Relating to

\$100,000,000

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE DRAWDOWN BONDS
SERIES A (NON-AMT)
SERIES B (AMT)

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Exhibit A - Form of Notice of Termination or Reduction

BONDHOLDER'S AGREEMENT

This BONDHOLDER'S AGREEMENT, dated as of _____ 1, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "*Agreement*"), is by and between the SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, a local government entity of regional government, created pursuant to and existing under the Act (as defined herein) (together with its successors and permitted assigns, the "*Authority*"), and RBC MUNICIPAL PRODUCTS, LLC, as initial purchaser ("*RBCMPLLC*" and, together with its successors, assignees, designees and nominees hereunder and any Trust (as hereinafter defined), the "*Purchaser*").

RECITALS

WHEREAS, the Authority is issuing one or more Series and one or more associated Subseries of Drawdown Bonds pursuant to the Master Subordinate Trust Indenture, dated as of September 1, 2007 (as heretofore amended or supplemented and as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms hereof and thereof, the "*Master Subordinate Trust Indenture*"), by and between the Authority and U.S. Bank National Association, as trustee (the "*Trustee*"), and the Fourth Supplemental Subordinate Trust Indenture dated as of _____1, 2017 (as amended, supplemented, restated or otherwise modified in accordance with the terms hereof and thereof, the "*Fourth Supplemental Subordinate Trust Indenture*" and, together with the Master Subordinate Trust Indenture, the "*Subordinate Trust Indenture*"), by and between the Authority and the Trustee; and

WHEREAS, the Drawdown Bonds will bear interest initially at the Drawdown Rates (as defined in the Fourth Supplemental Subordinate Trust Indenture) pursuant to the terms of the Fourth Supplemental Subordinate Trust Indenture;

WHEREAS, pursuant to the Bond Purchase Agreement (as hereinafter defined), the Underwriter (as hereinafter defined) has agreed to purchase one or more Series and one or more of the associated Subseries of the Drawdown Bonds, subject to the terms and conditions set forth therein, and the Purchaser intends to purchase each Series and Subseries of Drawdown Bonds and, as a condition to such Purchases, the Purchaser has required the Authority to enter into this Agreement;

WHEREAS, the principal amount of each Series and Subseries of Drawdown Bonds, the dated date therefor, the maturities, the redemption provisions and the interest rates per annum for each Series and Subseries of Drawdown Bonds are as set forth in the Fourth Supplemental Subordinate Trust Indenture.

NOW, THEREFORE, to induce the Purchaser to purchase each Series and Subseries of Drawdown Bonds, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Authority and the Purchaser hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Certain Defined Terms. In addition to the terms defined in the recitals and elsewhere in this Agreement and the Subordinate Trust Indenture, the following terms shall have the following meanings:

“*Act*” means § 170000 *et seq.* of the California Public Utilities Code, as amended from time to time.

“*Affiliate*” means, as to any Person, a corporation, partnership, association, agency, authority, instrumentality, joint venture, business trust or similar entity organized under the laws of any state that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person.

“*Agreement*” means this Bondholder’s Agreement, as the same may be amended from time to time.

“*Airport System*” has the meaning set forth in the Master Subordinate Trust Indenture.

“*Amortization End Date*” means the earliest to occur of (A) the third (3rd) anniversary of the Commitment End Date; (B) the seventh (7th) day immediately succeeding a Bondholder’s Agreement Event of Default specified in Section 7.1(a)(i), 7.1(d)(i), 7.1(d)(ii), 7.1(e)(i), 7.1(e)(ii), 7.1(g) or 7.1(j) hereof; (C) the one hundred eightieth (180th) day immediately succeeding the date on which the Owner Representative has notified the Authority of an acceleration of the Obligations following any Bondholder’s Agreement Event of Default specified in Section 7.1(a)(ii), 7.1(b), 7.1(c), 7.1(d)(iii), 7.1(e)(iii), 7.1(f), 7.1(h), 7.1(i), 7.1(k) and 7.1(l) hereof; and (D) the day any other holder or credit enhancer of Debt secured by a lien or charge on Subordinate Net Revenues or any counterparty under any Swap Contract related thereto causes any such Debt or obligations under such Swap Contract or any other obligations of the Authority to become immediately due and payable.

“*Amortization Payment*” has the meaning set forth in Section 2.1(e) hereof.

“*Amortization Payment Date*” means (a) with respect to the first Amortization Payment, the Initial Amortization Payment Date, (b) with respect to the next nine Amortization Payments, the corresponding date in every third month occurring after the Initial Amortization Payment Date and (c) with respect to the eleventh and final Amortization Payment, the Amortization End Date.

“*Amortization Period*” has the meaning set forth in Section 2.1(e) hereof.

“*Amortization Period Interest Rate*” means a fluctuating interest rate per annum which, for each day, shall equal (i) for the period from and including the Commitment End Date to and including the ninetieth (90th) day immediately succeeding the Commitment End Date, the Base

Rate from time to time in effect, (ii) for the period from and after the ninety-first (91st) day immediately succeeding the Commitment End Date to and including the one hundred eightieth (180th) day immediately succeeding the Commitment End Date, the Base Rate from time to time in effect *plus* 1.50% and (iii) for the period from and after the one hundred eighty-first (181st) day immediately succeeding the Commitment End Date, the Base Rate from time to time in effect *plus* 2.50%; *provided that* if a Bondholder's Agreement Event of Default has occurred and is continuing, the Amortization Period Interest Rate shall equal the Default Rate.

"*AMT Drawdown Bond*" and "*AMT Drawdown Bonds*" has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

"*Anti-Terrorism Laws*" has the meaning set forth in Section 5.25 hereof.

"*Applicable Law*" means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

"*Authority*" means San Diego County Regional Airport Authority, a local government entity of regional government, created pursuant to and existing under the Act.

"*Authority Rating*" means the long-term unenhanced rating (without regard to any bond insurance policy or credit enhancement) assigned by Moody's, Fitch or S&P to the Subordinate Obligations.

"*Authorized Authority Representative*" has the meaning set forth in the Master Subordinate Trust Indenture.

"*Available Commitment*" has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

"*Bank Agreement*" means any credit agreement, bond purchase agreement, liquidity agreement or other agreement or instrument (or any amendment, supplemental or modification thereto) entered into by the Authority with any Person, directly or indirectly, or otherwise consented to by the Authority, under which any Person or Persons undertakes to make loans, extend credit or liquidity to the Authority in connection with, or purchase on a private placement basis, any Debt secured by or payable from Net Revenues or Subordinate Net Revenues.

"*Base Rate*" means the highest of (i) 8.00% per annum, (ii) the applicable Drawdown Rate plus 3.00% per annum, (iii) the Federal Funds Rate plus 3.50% per annum, and (iv) the Prime Rate plus 2.50% per annum. Each change in the Base Rate shall take effect at the time of the related change in the applicable Drawdown Rate, the Federal Funds Rate or the Prime Rate, as the case may be.

"*Board*" has the meaning set forth in the Master Subordinate Trust Indenture.

“*Bond Counsel*” means Kutak Rock LLP or such other counsel of recognized national standing in the field of law relating to municipal bonds and the exemption from federal income taxation of interest thereon, appointed and paid by the Authority.

“*Bondholder*” or “*Holder*” or “*Owner*” means the registered owner of any Subseries of Drawdown Bonds; *provided, however*, that at any time any Subseries of Drawdown Bonds are Book-Entry Bonds, “*Bondholder*” or “*Holder*” or “*Owner*” means any Person that acquires a beneficial ownership interest in a Bond held by DTC. As the Drawdown Bonds are being initially issued as Book-Entry Bonds, the registered owner on the Effective Date is Cede &Co., as nominee of DTC and the initial “*Bondholder*” or “*Holder*” or “*Owner*” is the Purchaser.

“*Bondholder’s Agreement Event of Default*” has the meaning set forth in Section 7.1 hereof.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement dated _____, 2017, between the Authority and the Underwriter, as amended, supplemented, modified or restated from time to time in accordance with the terms thereof.

“*Book-Entry Bonds*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*Business Day*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture. As of the Effective Date, the corporate trust office of the Trustee and the Calculation Agent is located in Los Angeles, California.

“*Calculation Agent*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*CDIAC*” means the California Debt and Investment Advisory Commission.

“*Change in Law*” means the occurrence, after the Effective Date, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation, any Risk-Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, ruling, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“*Code*” means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

“Commitment” means the agreement of the Underwriter pursuant to the Bond Purchase Agreement to make Purchases and honor Drawings under the terms of the Bond Purchase Agreement and the Drawdown Bonds for the account of the Authority for the purpose of providing funds to pay Costs of a Project, costs of issuance in connection with this Agreement, the Bond Purchase Agreement and the other Related Documents or for any other purpose permitted under the Act and/or the Subordinate Trust Indenture.

“Commitment Amount” means, on the Effective Date, an initial amount equal to \$100,000,000 and thereafter such initial amount adjusted from time to time: (i) downward in an amount equal to any reduction thereof effected pursuant to Section 2.4 or Section 7.2(a)(ii) hereof and (ii) downward to zero upon the expiration or termination of the Commitment in accordance with the terms hereof and the Related Documents.

“Commitment End Date” means the earlier to occur of (i) _____, 2020 (which date may be extended with the written consent of the Authority, the Underwriter and the Purchaser), (ii) the date on which a Bondholder’s Agreement Event of Default occurs hereunder, unless such Bondholder’s Agreement Event of Default is waived by the Owner Representative pursuant to the terms hereof, (iii) such earlier date on which this Agreement or the Bond Purchase Agreement terminates in accordance with its respective terms and (iv) such earlier date on which the Commitment is terminated at the election of the Authority; *provided, however*, that if any such day is not a Business Day then the Commitment End Date means the immediately preceding Business Day.

“Credit Protection Provider” means, collectively, (a) any Person, including any Owner and Royal Bank, that provides credit protection or liquidity support in favor of any other Person holding a direct or indirect interest in all or any Subseries of Drawdown Bonds and (b) any Person that participates in any such credit protection or liquidity support.

“Costs of a Project” has the meaning set forth in the Master Subordinate Trust Indenture.

“Debt” means, with respect to any Person, without duplication: (a) all indebtedness of such Person for borrowed money (including, but not limited to, amounts drawn under a letter of credit, line of credit or other credit or liquidity facilities or amounts loaned pursuant to a Bank Agreement); (b) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable in the ordinary course of business; (c) all obligations of such Person evidenced by notes, certificates, debentures or similar instruments; (d) all Guarantees by such Person of Debt of other Persons (each such Guarantee to constitute Debt in an amount equal to the amount of such other Person’s Debt guaranteed thereby); (e) all obligations of other Persons secured by a lien on, or security interest in, any asset of such Person whether or not such obligation is assumed by such Person; (f) all obligations under leases that constitute capital leases for which such Person is liable; and (g) all obligations of such Person under any Swap Contract, in each case, whether such Person is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss.

“*Default Rate*” means, for any day, a fluctuating rate per annum equal to the sum of the Base Rate in effect on such day *plus* seven percent (7.00%).

“*Designated Representative*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*Determination of Taxability*” means, for and with respect to any Subseries of Drawdown Bonds, and shall be deemed to have occurred on the first to occur of the following:

(i) the date when the Authority files with the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) any statement, supplemental statement or other tax schedule, return or document which admits or discloses that an Event of Taxability shall have in fact occurred with respect to such Subseries of Drawdown Bonds;

(ii) the date when the Owner Representative or any Owner or former Owner has received written notification from the Authority, supported by a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance, to the effect that an Event of Taxability has occurred with respect to such Subseries of Drawdown Bonds;

(iii) the date when the Authority shall be advised in writing, including, without limitation, a “*Letter 4413, Notice of Proposed Adverse Determination*,” by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that based upon filings of the Authority (or a statutory notice of deficiency, or a document of substantially similar import), or upon any review or audit of the Authority, or upon any other ground whatsoever, an Event of Taxability shall have occurred with respect to such Subseries of Drawdown Bonds; or

(iv) the date when the Authority shall receive notice from the Owner Representative or any Owner or former Owner that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Owner Representative or any Owner or such former Owner the interest on such Subseries of Drawdown Bonds due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) above unless the Authority has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined after taking into account any permitted appeals; *provided further, however*, that upon demand from the Owner Representative or any Owner or former Owner, the Authority shall promptly reimburse the Owner Representative or such Owner or former Owner for any payments, including any taxes, interest, penalties or other charges, the Owner Representative or such Owner or former Owner shall be obligated to make as a result of the Determination of Taxability.

“*Dollar*” and “\$” mean lawful money of the United States.

“*Drawdown Bonds*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*Drawdown Rate*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*Drawing*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*DTC*” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“*Effective Date*” means _____, 2017, subject to the satisfaction, or waiver by the Underwriter of all the conditions precedent to closing set forth in Section 4 of the Bond Purchase Agreement.

“*EMMA*” means the Electronic Municipal Market Access system and any successor thereto.

“*Environmental Law*” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, or rules, and all judgments, orders, decrees, permits, concessions, grants, franchises, licenses, permits, agreements or governmental restrictions relating to air, water or land pollution, wetlands, or the protection of the environment or the release of any materials into the environment, including air, water or land and those related to Hazardous Materials, air emissions and discharges to waste or public systems.

“*Environmental Liability*” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Authority directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

“*Event of Taxability*” means (i) a Change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Authority, or the failure to take any action by the Authority, or the making by the Authority of any misrepresentation herein or in any certificate required to be

given in connection with this Agreement) which has the effect of causing interest paid or payable on any Drawdown Bonds to become includable, in whole or in part, in the gross income of any Owner for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on any Drawdown Bonds to become includable, in whole or in part, in the gross income of any Owner for federal income tax purposes, other than for a period during which the Owner is or was a “substantial user” of the projects financed or refinanced from proceeds of an AMT Drawdown Bond or a “related person” for purposes of Section 147(a) of the Code. An Event of Taxability does not include any event, condition or circumstance which results in interest on any AMT Drawdown Bond being an item of tax preference subject to the federal alternative minimum tax, or any other tax consequences which depend upon an Owner’s particular tax status.

“*Excess Interest Amount*” has the meaning set forth in Section 4.5(c) hereof.

“*Excluded Tax*” means, with respect to the Owner Representative or any Owner or any other recipient of any payment to be made by or on account of any obligation of the Authority hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which the Owner Representative or any Owner or such other recipient is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Owner Representative or any Owner is located.

“*Executive Director*” has the meaning set forth in the Master Subordinate Trust Indenture.

“*Executive Order*” has the meaning set forth in Section 5.25 hereof.

“*Federal Funds Rate*” means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Royal Bank on such day on such transactions as determined by Royal Bank.

“*Fiscal Year*” means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period designated by the Board as the Authority’s fiscal year.

“*Fitch*” means Fitch Ratings, Inc., and any successor rating agency.

“Fourth Supplemental Subordinate Trust Indenture” has the meaning set forth in the recitals to this Agreement.

“FRB” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

“Generally Accepted Accounting Principles” or *“GAAP”* means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Authority.

“Governmental Approval” means an authorization, consent, approval, license, or exemption of, registration or filing with, or report to any Governmental Authority.

“Governmental Authority” means the government of the United States or any state or political subdivision thereof or any other nation or political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“Guarantee” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

“Hazardous Materials” means (a) any petroleum or petroleum products, flammable substance, explosives, radioactive materials, hazardous waste or contaminants, toxic wastes, substances or contaminants, or any other wastes, contaminants, or pollutants; (b) asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers, or other equipment that contains dielectric fluid containing levels of polychlorinated biphenyls or radon gas; (c) any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous materials,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” “contaminants” or “pollutants,” or words of similar import, under any applicable Environmental Law; (d) any other chemical, material or substance, exposure to which is prohibited, limited, or regulated by any governmental authority; and (e) any other chemical, material or substance which may or could pose a hazard to the environment.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Indemnatee” has the meaning set forth in Section 4.2 hereof.

“Initial Amortization Payment Date” means the one hundred eightieth (180th) calendar day following the Commitment End Date.

“Interest Payment Date” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“Law” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Liabilities” has the meaning set forth in Section 4.2 hereof.

“LIBOR” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Margin Stock” has the meaning ascribed to such term in Regulation U and/or Regulation X promulgated by the FRB, as now and hereafter from time to time in effect.

“Master Senior Trust Indenture” means that certain Master Trust Indenture dated as of November 1, 2005, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, as the same may be amended, supplemented, restated or otherwise modified in accordance with the terms thereof and hereof.

“Master Subordinate Trust Indenture” has the meaning set forth in the recitals to this Agreement.

“Material Adverse Change” means the occurrence of any event or change, including but not limited to a change revealed by a comparison of any financial statements delivered pursuant to Section 6.2 hereof to the financial statements for the most recent prior Fiscal Year, which separately or in the aggregate with the occurrence of other events, results or could reasonably be expected to result in a Material Adverse Effect.

“Material Adverse Effect” means any event or occurrence (including, without limitation, a change in Applicable Law) that causes a material adverse change in or a material adverse effect on (A) the validity or enforceability of this Agreement, the Drawdown Bonds or any of the other Related Documents, (B) the validity, enforceability or perfection of the pledge of and lien on the Subordinate Net Revenues under the Subordinate Trust Indenture or hereunder, (C) the status of the Authority as a public entity created and validly existing under the laws of the State, (D) the exemption of interest on any Drawdown Bond from federal income tax, other than for a period during which an Owner is or was a “substantial user” of the projects financed or refinanced from proceeds of an AMT Drawdown Bond or a “related person” for purposes of Section 147(a) of the Code, or (E) the collection of the Revenues that could reasonably be expected to have a material adverse effect on the ability of the Authority to pay debt service on the Drawdown Bonds, the Senior Lien Revenue Bonds or the other Subordinate Obligations or any other Obligations hereunder or (F) the rights, remedies, security or interests of the Underwriter, the Purchaser, the Owner Representative or any Owner under the Related Documents.

“Maximum Interest Rate” means the lesser of (a) the maximum non-usurious interest rate payable by the Authority under applicable law, and (b) 12% per annum.

“Miscellaneous Taxes” means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Related Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Related Document.

“Moody’s” means Moody’s Investors Service, Inc. and any successor rating agency.

“1933 Act” means the Securities Act of 1933, as amended.

“Net Revenues” has the meaning set forth in the Master Subordinate Trust Indenture.

“Non-AMT Drawdown Bond” and *“Non-AMT Drawdown Bonds”* has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“Notice of Bondholder’s Agreement Event of Default” has the meaning set forth in Section 7.2(a) hereof.

“Obligations” means the obligations of the Authority to pay the principal of and interest on the Drawdown Bonds, all fees, expenses and charges payable or reimbursable hereunder to the Owner Representative, the Credit Protection Provider, the Purchaser or any Owner (including, without limitation, any amounts to reimburse the Owner Representative, the Credit Protection Provider, the Purchaser or any Owner for any advances or expenditures by it under any of such documents) and all other payment obligations of the Authority to the Owner Representative, the Credit Protection Provider, the Purchaser or any Owner arising under or in relation to this Agreement or the other Related Documents, in each, case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

“*OFAC*” has the meaning set forth in Section 5.25 hereof.

“*Outstanding*” means, with respect to any Drawdown Bonds, the unpaid principal amount of any Drawings thereunder.

“*Owner Representative*” means, (a) initially, the Purchaser and (b) thereafter, upon the receipt from time to time by the Trustee and the Authority of a notice described in Section 8.7 hereof, such Owner designated in such notice as the Owner Representative, as more fully provided in Section 8.7 hereof.

“*Patriot Act*” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001), as amended.

“*Participant*” means any entity to which an Owner has granted a participation in the obligations of such Owner hereunder and of the Authority hereunder and under the Drawdown Bonds and the other Related Documents.

“*Person*” means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

“*Plan*” means an employee benefit plan maintained for employees of the Authority that is covered by ERISA.

“*Potential Bondholder’s Agreement Event of Default*” means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute a Bondholder’s Agreement Event of Default.

“*Prime Rate*” means, for any day, the rate of interest per annum announced from time to time by Royal Bank as its prime commercial lending rate for U.S. dollar loans or equivalent, as in effect for such day, with any change in the Prime Rate resulting from a change in said prime commercial lending rate to be effective as of the date of such change. The Prime Rate is a variable rate and each change in the Prime Rate is effective from and including the date the change is announced as being effective. The Prime Rate is a reference rate and may not be Royal Bank’s lowest rate. If Royal Bank ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in *The Wall Street Journal* (or the average prime rate if a high and a low prime rate are therein reported).

“*Property*” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“*Purchase*” has the meaning set forth in Section [1(a)] of the Bond Purchase Agreement.

“*Purchaser*” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“*Rating Agency*” means any of S&P, Moody’s and/or Fitch, as context may require.

“*RBCCM LLC*” means RBC Capital Markets, LLC and its successors, assignees, designees and nominees.

“*RBCMPLLC*” has the meaning set forth in the introductory paragraph of this Agreement.

“*Redemption Price*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*Related Documents*” means this Agreement, the Drawdown Bonds, the Tax Certificate, the Master Senior Trust Indenture, the Master Subordinate Trust Indenture, the Fourth Supplemental Subordinate Trust Indenture, the Bond Purchase Agreement, and any documents executed and delivered by the Authority to any Owner, Royal Bank, the Purchaser or the Underwriter in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to any of the foregoing.

“*Representation Letter*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*Request for Drawing*” means a Request for Drawing substantially in the form of Exhibit __ to the Bond Purchase Agreement.

“*Request for Purchase*” means a Request for Purchase substantially in the form of Exhibit __ to the Bond Purchase Agreement.

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

“*Revolving Credit Agreement*” means the Revolving Credit Agreement, dated as of September 1, 2014, by and between the Authority and U.S. Bank National Association, as amended, supplemented, modified or restated from time to time in accordance with the terms thereof.

“*Revolving Obligations*” has the meaning set forth in the Third Supplemental Subordinate Trust Indenture.

“*Risk-Based Capital Guidelines*” means (i) the risk-based capital guidelines in effect in the United States, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations.

“*Royal Bank*” means Royal Bank of Canada and its successors and assigns.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, and any successor rating agency.

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

“*Senior Lien Trustee*” means The Bank of New York Mellon Trust Company, N.A. as trustee, or its permitted successor as trustee under the Master Senior Trust Indenture from time to time.

“*State*” means the State of California.

“*Subordinate Net Revenues*” has the meaning set forth in the Master Subordinate Trust Indenture.

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

“*Subordinate Trust Indenture*” has the meaning set forth in the recitals to this Agreement.

“*Swap Contract*” means (a) any and all rate swap transactions, total return swaps, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Tax Certificate*” means any Tax Compliance Certificate by the Authority, relating to any or all of the Subseries of Drawdown Bonds, as the same may be amended, supplemented, modified or restated from time to time in accordance with the terms hereof and thereof.

“*Taxable Date*” means the date on which interest on any Subseries of Drawdown Bonds is first includable in gross income of any holder thereof (including, without limitation, any Owner) as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

“*Taxable Drawdown Rate*” means, with respect to a Taxable Period, the sum of the (a) LIBOR and (b) the product of (i) the Non-AMT Spread and (ii) 1.54.

“*Taxable Period*” has the meaning set forth in Section 4.3(e) hereof.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“*Third Supplemental Subordinate Trust Indenture*” means the Third Supplemental Subordinate Trust Indenture dated as of September 1, 2014, by and between the Authority and the Trustee, as amended, supplemented, modified or restated from time to time in accordance with the terms thereof.

“*Transactions*” means the issuance, sale and delivery of any Subseries of Drawdown Bonds, the execution and delivery by the Authority of the Related Documents, the performance by the Authority of the Obligations (including payment obligations) thereunder, and the use of the proceeds of the Drawdown Bonds and the Drawings and the Purchases.

“*Trust*” means either (a) a common law trust established by the Purchaser or an Affiliate of the Purchaser under the laws of the State of New York, (b) a statutory trust established by the Purchaser or an Affiliate of the Purchaser under the Delaware statutory trust statute or (c) any other type of trust, which, in any case, has an interest in any Subseries of Drawdown Bonds.

“*Trustee*” means U.S. Bank National Association as trustee or its permitted successor as trustee under the Subordinate Trust Indenture.

“*Underwriter*” means RBCCM LLC, as underwriter under the Bond Purchase Agreement.

“*United States*” means the United States of America.

“*Unutilized Fee*” has the meaning set forth in Section 2.2 hereof.

“*Vice President, Finance and Asset Management/Treasurer*” means the person at a given time who is the Vice President, Finance and Asset Management/Treasurer of the Authority (including any person serving in an acting or interim capacity) or such other title as the Board may from time to time assign for such position and the officer or officers succeeding to such position as certified by the Board.

Section 1.2. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the Effective Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 6.2 hereof

and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, either the Authority or the Owner Representative may by notice to the other party hereto, require that the Owner Representative and the Authority negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Authority shall be the same as if such change had not been made. No delay by the Authority or the Owner Representative in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.2, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

Section 1.3. Interpretation. The following rules shall apply to the construction of this Agreement unless the context requires otherwise: (i) the singular includes the plural, and the plural the singular; (ii) words importing any gender include the other gender; (iii) references to statutes are to be construed as including all statutory provisions consolidating and amending, and all regulations promulgated pursuant to, such statutes; (iv) references to “writing” include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible font; (v) the words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation”; (vi) references to the introductory paragraph, recitals, articles, sections (or clauses or subdivisions of sections), exhibits, appendices, annexes or schedules are to those of this Agreement unless otherwise indicated; (vii) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Agreement; (viii) section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose; (ix) references to Persons include their respective permitted successors and assigns; and (x) in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each means “to but excluding.” All references to “funds” herein shall include all accounts and subaccounts therein unless the context clearly requires otherwise.

Section 1.4. Times of Day. Unless otherwise specified, all references herein to times of day shall be references to California time (daylight or standard, as applicable).

Section 1.5. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference. (a) Nothing in this Agreement shall be deemed to amend, or relieve the Authority of its obligations under, any Related Document to which it is a party. Conversely, to the extent that the provisions of any Related Document allow the Authority to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the Authority nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.5, all references to other documents shall be deemed to include all amendments, modifications and supplements thereto to

the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of any Related Document shall be deemed to incorporate such Sections into this Agreement by reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by the Related Documents, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until all Obligations are paid in full. No amendment, modification, consent, waiver or termination with respect to any of such Sections shall be effective as to this Agreement until specifically agreed to in writing by the parties hereto with specific reference to this Agreement.

ARTICLE II

THE AUTHORITY'S OBLIGATIONS

Section 2.1. Payment Obligations. (a) The Authority hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all payment obligations owed to the Owner Representative and any Owner under the Related Documents and to pay any other Obligations owing to the Owner Representative or any Owner, whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents.

(b) The Authority shall pay within thirty (30) days after demand:

(i) if a Bondholder's Agreement Event of Default has occurred, all reasonable costs and expenses of the Owner Representative and any Owner in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of their respective rights under any of the Related Documents and any other documents which may be delivered in connection therewith, plus the fees of any legal counsel retained by the Owner Representative or any Owner in connection therewith;

(ii) a fee for each amendment of any Related Document that requires consent by the Owner Representative or any Owner or any consent or waiver by the Owner Representative or any Owner under any Related Document, in each case in an amount reasonably agreed to between the Owner Representative and the Authority;

(iii) the reasonable fees and out-of-pocket expenses for counsel in connection with responding to requests from the Authority for approvals, consents, amendments and waivers, in each case, in an amount reasonably agreed to between the Owner Representative and the Authority; and

(iv) any amounts advanced by or on behalf of the Owner Representative or any other Owner to the extent required to cure or avoid any Bondholder's Agreement Event

of Default or event of nonperformance under any Related Document, together with interest thereon at the Default Rate.

(c) Neither the Owner Representative nor any Owner shall be under an obligation to pay, and the Authority shall pay, any expenses incident to the performance of the Authority's obligations hereunder and under the other Related Documents, including (i) the cost of preparation and printing of the Related Documents, (ii) the fees and disbursements of Bond Counsel and counsel to the Authority and (iii) the fees and disbursements of any other accountants, attorneys and other experts, consultants or advisers retained by the Authority.

(d) In addition, if at any time any Governmental Authority requires payment of any fees, documentary stamps or tax in connection with the execution or delivery of any of the Related Documents, then, if the Authority lawfully may pay for such fees, stamps, or tax, the Authority shall pay, when due and payable, for all such fees, stamps and taxes, including interest and penalties thereon, and the Authority agrees to save the Owner Representative and any Owner harmless from and against any and all liabilities with respect to or resulting from any delay or omission of the Authority in paying, such fees, stamps and taxes. For the avoidance of doubt, the Authority shall be obligated to reimburse the Underwriter for all fees required by CDIAC.

(e) In the event the Owners have not received the principal of all Outstanding Drawdown Bonds on the Commitment End Date, the Authority shall cause all Outstanding Subseries of Drawdown Bonds to be redeemed on the Commitment End Date; *provided* that if, on the Commitment End Date, (i) the representations and warranties of the Authority contained in this Agreement and in each other Related Document and in each certificate or other writing delivered to any Owner pursuant hereto in connection with the transactions contemplated by this Agreement shall be, (A) in the case of representations and warranties that are not qualified by "material," "materiality," "Material Adverse Effect" or similar qualifier, true and correct in all material respects on, and deemed made on, the Commitment End Date as though made on and as of the Commitment End Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all material respects as of such earlier date, or (B) in the case of representations and warranties that are qualified by "material", "materiality", "Material Adverse Effect" or similar qualifier, true and correct in all respects on, and deemed made on, the Commitment End Date as though made on and as of the Commitment End Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all respects as of such earlier date; (ii) no Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default shall have occurred and be continuing; and (iii) no event or occurrence shall have occurred (including litigation pending against the Authority), and no circumstance shall exist, that in the opinion of the Owner Representative could reasonably be expected to result in a Material Adverse Effect, then the Authority shall cause the principal amount of the Drawdown Bonds to be redeemed in equal quarterly installments payable on each Amortization Payment Date (each such payment, an "*Amortization Payment*"), with the final Amortization Payment in an amount equal to the entire then-outstanding principal amount of such Drawdown Bonds to be redeemed on the related Amortization End Date (the period commencing on the Commitment End Date and ending on the Amortization End Date is herein referred to as the "*Amortization Period*"). Each Amortization

Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Payments over the Amortization Period. During the Amortization Period, interest on the Drawdown Bonds shall accrue at the Amortization Period Interest Rate, be payable monthly in arrears on the first Business Day of each calendar month and be calculated on the basis of a 365/366-day year and actual days elapsed.

(f) *Maintenance of Accounts.* The Owner Representative shall maintain in accordance with its usual practice an account or accounts evidencing each Subseries of Drawdown Bonds and the other Obligations. In any legal action or proceeding in respect of this Agreement or the other Related Documents, the entries made in such account or accounts shall be presumptive evidence of the existence and amounts of the obligations of the Authority therein recorded. The failure to record any such amount shall not, however, limit or otherwise affect the obligations of the Authority hereunder or under the other Related Documents to repay all amounts owed hereunder and under the other Related Documents, together with all interest accrued thereon as provided herein.

(g) *Survival.* Without prejudice to the survival of any other agreement of the Authority hereunder, the agreements and obligations of the Authority contained in this Section 2.1 shall survive the termination of this Agreement and the payment in full of all Drawdown Bonds and the Obligations of the Authority thereunder and hereunder.

Section 2.2. Unutilized Fee. The Authority shall pay the Purchaser a fee (the “Unutilized Fee”) equal to the product of (a) the Available Commitment for each day during the related period and (b) the Unutilized Fee Rate for each day during the related period, determined by reference to the row in the following chart in which the lowest Authority Rating appears. The Unutilized Fee will be payable quarterly in arrears commencing on _____, 2017 (for the period from and including the Effective Date to and including _____, 2017) and continuing on the first Business Day of each January, April, July and October thereafter, continuing through and including the Commitment End Date.

AUTHORITY RATING
(LOWEST RATING TO BE USED)

| MOODY'S | S&P | FITCH | UNUTILIZED FEE RATE |
|--------------|-------------|-------------|-------------------------------|
| A2 or higher | A or higher | A or higher | 22.5 basis points (0.225%) |
| A3 | A- | A- | 32 basis points (0.32%) |
| Baa1 | BBB+ | BBB+ | 45 basis points (0.45%) |
| Baa2 | BBB | BBB | 60 basis points (0.60%) |
| Below Baa2 | Below BBB | Below BBB | Default Rate |

In the event of a split Authority Rating (*e.g.*, one of S&P, Moody's and Fitch assigns an Authority Rating that is in a different row in the chart above than the Authority Rating assigned by either of the other Rating Agencies), the Unutilized Fee Rate shall be based upon the row in which the lowest Authority Rating appears. The Authority acknowledges that as of the Effective Date the Unutilized Fee Rate equals 22.5 basis points.

In the event any Authority Rating is withdrawn, suspended or reduced below "Baa2" by Moody's or below BBB" by S&P or Fitch, the commitment of the Underwriter to purchase Drawdown Bonds shall terminate and a Bondholder's Agreement Event of Default shall occur under Section 7.1(h) hereof. Upon the occurrence of any such Bondholder's Agreement Event of Default, the Unutilized Fee shall increase by 200 basis points above the Unutilized Fee otherwise in effect.

Any change in the Unutilized Fee Rate resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in such Authority Rating. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a "global" rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect.

Section 2.3. Costs, Expenses and Taxes. (a) The Authority will promptly pay on demand (i) the reasonable fees, costs and expenses of the Underwriter, the Purchaser, and the Owner Representative incurred in connection with the preparation, negotiation, execution and delivery of this Agreement, the Drawdown Bonds and the other Related Documents, (ii) the fees and disbursements of Chapman and Cutler LLP, special counsel to the Underwriter and the Purchaser, incurred in connection with the preparation, execution, filing and administration and delivery of this Agreement and the other Related Documents, (iii) the fees and disbursements of

counsel or other reasonably required consultants to the Underwriter, the Purchaser, and/or the Owner Representative with respect to advising the Underwriter, the Purchaser, and/or the Owner Representative, as applicable, as to the rights and responsibilities under this Agreement and the other Related Documents after the occurrence of any Potential Bondholder's Agreement Event of Default or alleged Potential Bondholder's Agreement Event of Default hereunder, or a Bondholder's Agreement Event of Default, (iv) all costs and expenses, if any, in connection with any waiver or amendment of, or the giving of any approval or consent under, or any response thereto or the enforcement of this Agreement, the Related Documents and any other documents which may be delivered in connection herewith or therewith, including in each case the reasonable fees and disbursements of counsel to the Underwriter, the Purchaser, and/or the Owner Representative or other reasonably required consultants and (v) any amounts advanced by or on behalf of the Underwriter, the Purchaser, and/or an Owner to the extent required to cure any Potential Bondholder's Agreement Event of Default, Bondholder's Agreement Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate. In addition, the Authority shall pay any and all stamp taxes, transfer taxes, documentary taxes, and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing, and recording of this Agreement and the security contemplated by the Related Documents (other than taxes based on the net income or share capital of the Underwriter, the Purchaser, and/or an Owner) and agrees to indemnify and hold the Underwriter, the Purchaser, and each Owner harmless from and against any and all liabilities with respect to or resulting from any delay in paying, or omission to pay, such taxes and fees, including interest and penalties thereon; *provided, however*, that the Authority may reasonably contest any such taxes or fees with the prior written consent of the Owner Representative, which consent, if a Bondholder's Agreement Event of Default does not then exist, shall not be unreasonably withheld. In addition, the Authority agrees to pay, after the occurrence of a Potential Bondholder's Agreement Event of Default, alleged Potential Bondholder's Agreement Event of Default or a Bondholder's Agreement Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Underwriter, the Purchaser, and/or the Owner Representative, as applicable, in enforcing any obligations or in collecting any payments due from the Authority hereunder by reason of such Potential Bondholder's Agreement Event of Default, alleged Potential Bondholder's Agreement Event of Default or Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any collection, insolvency, bankruptcy proceedings or other enforcement proceedings resulting therefrom.

(b) If the Authority shall fail to pay any amount payable under this Section 2.3 as and when due, each such unpaid amount shall bear interest for each day from and including the date it was due until paid in full at the applicable Default Rate. The obligations of the Authority under this Section 2.3 shall survive the termination of this Agreement.

Section 2.4. Reduction and Termination. (a) The Commitment Amount shall be reduced from time to time as requested by the Authority within three (3) days of the Authority's written notice to the Underwriter and the Purchaser requesting such reduction in the form of Exhibit A hereto; *provided*, that each such reduction amount shall be in an amount equal to \$1,000,000 or an integral multiple thereof and shall be in compliance with the Related Documents.

(b) The Authority may at any time and at its sole option terminate the Commitment Amount upon three (3) Business Days' prior written notice to the Underwriter and the Purchaser. As a condition to any such termination, the Authority shall pay or cause to be paid all other Obligations owed.

Section 2.5. Conditions Precedent. This Agreement shall become effective on the date hereof subject to the satisfaction or waiver by the Purchaser and the Underwriter of the conditions precedent set forth in Section 4 of the Bond Purchase Agreement and the issuance of the Drawdown Bonds.

Section 2.6. Payments. All payments to be made by or on behalf of the Authority to the Owner Representative or other Owner hereunder, under the Drawdown Bonds and under the other Related Documents shall be fully earned when due and nonrefundable when paid and shall be made in lawful currency of the United States of America and in immediately available funds. All payments to be made by the Authority shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Authority hereunder shall be made to the Owner Representative at the Owner Representative's Office in Dollars and in immediately available funds not later than 12:00 noon, California time, on the date specified herein. All payments received by the Owner Representative after 12:00 noon, California time, shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Authority shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be. Notwithstanding anything herein to the contrary, where this Agreement provides for payment by the Authority to the Owner Representative for any amount, the Authority may satisfy such obligation by causing the Trustee to pay such amount directly to the Owner Representative from Subordinate Net Revenues under the Subordinate Trust Indenture. All payments hereunder to RBCMPLLC shall be made by wire transfer of funds to the following account: **[U.S. Bank; ABA #: 091000022; Account #: 160230097208; Account: RBC Capital Markets Corp., FFC: MPI, LLC Account #10107441, Ref: _____]** (or to such other account as RBCMPLLC may specify in writing from time to time). Notwithstanding anything in this Section 2.6 to the contrary, so long as any Drawdown Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and Redemption Price of and interest on such Drawdown Bond and all notices with respect to such Drawdown Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

ARTICLE III

SECURITY AND PLEDGE

Section 3.1. Security and Pledge. Pursuant to the GRANTING CLAUSE and Section 4.01 of the Master Subordinate Trust Indenture and Section 6.01 of the Fourth Supplemental Subordinate Trust Indenture, the Authority grants to the Purchaser and each Owner a Lien on and pledge of Subordinate Net Revenues to secure the payment of the Drawdown Bonds and the other Obligations. The pledge of the Subordinate Net Revenues for the Drawdown Bonds and the

other Obligations pursuant to the Master Subordinate Trust Indenture and the Fourth Supplemental Subordinate Trust Indenture is a valid and binding obligation of the Authority, on a *pari passu* basis with the holders of all other Subordinate Obligations. No filing, registration, recording or publication of this Agreement, the Master Subordinate Trust Indenture or the Fourth Supplemental Subordinate Trust Indenture or any other instrument nor any prior separation or physical delivery of the Subordinate Net Revenues is required to establish the pledge provided for under the Master Subordinate Trust Indenture or the Fourth Supplemental Subordinate Trust Indenture or to perfect, protect or maintain the Lien created thereby on the Subordinate Net Revenues to secure the payment of principal of and interest on the Drawdown Bonds and the other Obligations.

ARTICLE IV

LIABILITY, INDEMNITY AND PAYMENT

Section 4.1. Liability of the Authority. The Authority and the Purchaser agree that the obligation of the Authority to pay the Obligations are contractual obligations of the Authority payable solely from the Subordinate Net Revenues and shall not be affected by, and none of the Underwriter, the Purchaser, the Credit Protection Provider, the Owner Representative or any other Owner shall be responsible for, among other things, (i) the validity, genuineness or enforceability of this Agreement, the Drawdown Bonds or documents, notices or endorsements relating thereto (even if this Agreement or any documents, notices endorsements relating thereto should in fact prove to be in any and all respects invalid, fraudulent or forged), (ii) the use to which the amounts disbursed by the Underwriter, the Purchaser and/or an Owner may be put, or (iii) any other circumstances or happenings whatsoever, whether or not similar to any of the foregoing.

Section 4.2. Indemnification by the Authority. (a) In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Authority hereby agrees (to the extent permitted by law) to indemnify and hold harmless the Underwriter, the Purchaser, the Credit Protection Provider, the Owner Representative, each Owner and each Participant and their respective officers, directors and agents (each, an “*Indemnatee*”) from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys’ fees) which may incur or which may be claimed against an Indemnatee by any Person or entity whatsoever (collectively, the “*Liabilities*”) by reason of or in connection with (i) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (ii) the making of any Purchases or honoring any Drawings; (iii) the use of the proceeds of the Drawdown Bonds, Purchases or Drawings; (iv) any breach by the Authority of any warranty, covenant, term or condition in, or the occurrence of any default under any of the Related Documents, together with all reasonable expenses resulting from the compromise or defense of any claims or liabilities arising as a result of any such breach or default; (v) any action or proceeding relating to a court order, injunction or other process or decree restraining or seeking to restrain the Underwriter, the Purchaser and/or an Owner from paying any amount under this Agreement (other than actions or proceedings instituted by or on behalf of the Underwriter, the Purchaser and/or an Owner); or (vi) any

investigation, litigation or other proceeding (whether or not the Underwriter, the Purchaser and/or the Owner Representative or any Owner or Participant is a party thereto) related to the entering into and/or each performance of any of the Related Document or the use of the proceeds of the Drawdown Bonds, any Purchases or any Drawings; *provided* that the Authority shall not be required to indemnify an Indemnitee for any [(i)] claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnitee **[as determined by a court of competent jurisdiction in a final non-appealable judgment]** [or (ii) with respect to disputes solely between the Authority and the Indemnitee]; *provided* that the Authority shall only be liable to the Indemnitee to the extent, and only to the extent of any direct, as opposed to special, indirect consequential or punitive damages (the right to receive special, indirect, consequential or punitive damages being hereby waived). Nothing under this Section 4.2 is intended to limit the Authority's payment of the Obligations.

(b) Notwithstanding anything to the contrary contained in this Section 4.2, (i) the Authority shall have no obligation to indemnify an Indemnitee for damages that the Authority proves were caused solely out of the gross negligence or willful misconduct of such Indemnitee, as determined by a court of competent jurisdiction **[in a final non-appealable judgment]**, and (ii) the Authority shall have a claim against the Underwriter, the Purchaser, the Owner Representative, an Owner and a Participant, as applicable, and the Underwriter, the Purchaser, the Owner Representative, such Owner and such Participant, as applicable, shall be liable to the Authority, to the extent of any direct, as opposed to special, indirect, consequential, damages suffered by the Authority which the Authority proves were caused solely by such Indemnitee's gross negligence or willful misconduct, as determined by a court of competent jurisdiction.

(c) The obligations of the Authority under this Section 4.2 shall survive the payment of the Drawdown Bonds and all other Obligations and the termination of this Agreement.

Section 4.3. Increased Costs. (a) If any Owner, any Credit Protection Provider or any Participant shall determine that any Change in Law now existing or hereafter adopted shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, or other acquisitions of funds by, such Owner, such Credit Protection Provider or such Participant;

(ii) subject such Owner, such Credit Protection Provider or such Participant to any Tax (except for Taxes on the overall net income or share capital of such Owner, such Credit Protection Provider or such Participant) of any kind whatsoever with respect to this Agreement or the Drawdown Bonds, or change the basis of taxation of payments to such Owner, such Credit Protection Provider or such Participant in respect thereof (except for Indemnified Taxes or Miscellaneous Taxes covered by Section 4.4 hereof and the imposition of, or any change in the rate of any Excluded Tax payable by such Owner, such Credit Protection Provider or such Participant);

(iii) impose upon such Owner, such Credit Protection Provider or such Participant any other condition or expense with respect to this Agreement, the Drawdown Bonds or any other Related Document; and the result of any of the foregoing is to increase the cost to, reduce the income receivable by, or impose any expense (including loss of margin) upon such Owner, such Credit Protection Provider or such Participant with respect to this Agreement, the Drawdown Bonds or the other Related Documents (or in the case of any capital adequacy or similar requirement, to have the effect of reducing the rate of return on such Owner's, such Credit Protection Provider's or such Participant's capital),

then such Owner, such Credit Protection Provider or such Participant shall from time to time notify, or cause to be notified, the Authority of the amount determined in good faith by such Owner, such Credit Protection Provider or such Participant, as applicable (which determination shall be conclusive absent manifest error) to be necessary to compensate such Owner, such Credit Protection Provider or such Participant, as applicable, for such increase, reduction or imposition. All references to an Owner, Credit Protection Provider or Participant, in Sections 4.3(a), (b), (c) and (d) shall also be deemed to refer to the holding company or parent of such Owner, such Credit Protection Provider and such Participant.

(b) *Capital or Liquidity Requirements.* If any Owner, any Credit Protection Provider or any Participant determines that any Change in Law affecting such Owner, such Credit Protection Provider or such Participant, as applicable, or any of their parent or holding companies, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the capital or liquidity of such Owner, such Credit Protection Provider or such Participant, or any of their parent or holding companies, holding, if any, as a consequence of this Agreement, or making, maintenance or funding of, any Purchase or Drawing under the Bond Purchase Agreement, to a level below that which such Owner, such Credit Protection Provider or such Participant, or their respective parent or holding companies could have achieved but for such Change in Law (taking into consideration such Owner's, such Credit Protection Provider's or such Participant's policies and the policies of their parent or holding companies with respect to capital or liquidity adequacy, as applicable), then from time to time upon written request of such Owner, such Credit Protection Provider or such Participant as set forth in clause (c) of this Section, the Authority shall promptly pay to such Owner, such Credit Protection Provider, such Participant or such Drawdown Bondholder, as the case may be, such additional amount or amounts as will compensate such Owner, such Credit Protection Provider or such Participant, or their parent or holding companies, as applicable, for any such additional capital, liquidity or costs incurred or reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of any Owner, any Credit Protection Provider or any Participant setting forth the amount or amounts necessary to compensate such Owner, such Credit Protection Provider or such Participant, or their parent or holding companies, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Authority, shall be conclusive absent manifest error. The Authority shall pay such Owner, such Credit Protection Provider or such Participant, as the case may be, the amount shown as due on any such certificate within sixty (60) days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of any Owner, any Credit Protection Provider or any Participant to demand compensation pursuant to this Section shall not constitute a waiver of such Owner's, such Credit Protection Provider's or such Participant's right to demand such compensation.

(e) *Determination of Taxability.* (i) In the event a Taxable Date occurs, the Authority hereby agrees to pay to each Owner and each Participant on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to such Owner or such Participant, as applicable, on any Drawdown Bonds during the period for which interest on such Drawdown Bonds is includable in the gross income of such Owner and such Participant, as applicable, if such Drawdown Bonds had borne interest at the Taxable Drawdown Rate, beginning on the Taxable Date (the "*Taxable Period*"), and (B) the amount of interest actually paid to such Owner or such Participant, as applicable, during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by any Owner or any Participant, as applicable, as a result of interest on such Drawdown Bonds becoming includable in the gross income of such Owner or such Participant, as applicable, together with any and all reasonable attorneys' fees, court costs, or other out-of-pocket costs incurred by such Owner or such Participant, as applicable, in connection therewith.

(ii) Subject to the provisions of clause (iii) below, the Authority shall have the opportunity, at the Authority's sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on such Drawdown Bonds to be includable in the gross income of any Owner or any Participant or (2) any challenge to the validity of the tax exemption with respect to the interest on the Drawdown Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall any Owner or any Participant be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Authority or any other Person.

(iii) As a condition precedent to the exercise by the Authority of its right to contest set forth in clause (ii) above, the Authority shall, on demand, immediately reimburse any Owner or any Participant, as applicable, for any and all expenses (including reasonable attorneys' fees for services that may be required or desirable) that may be incurred by such Owner or such Participant, as applicable, in connection with any such contest, and shall, on demand, immediately reimburse such Owner or such Participant, as applicable, for any and all penalties or other charges payable by such Owner or such Participant, as applicable, for failure to include such interest in its gross income.

(f) Without prejudice to the survival of any other agreement of the Authority hereunder, the agreements and obligations of the Authority contained in this Section shall survive the termination of this Agreement and the payment in full of the Drawdown Bonds and the Obligations of the Authority thereunder and hereunder.

Section 4.4. Taxes.

(a) *Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.* Any and all payments by or on account of any obligation of the Authority hereunder or under the Drawdown Bonds shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Miscellaneous Taxes; provided that if the Authority shall be required by Applicable Law to deduct any Indemnified Taxes (including any Miscellaneous Taxes) from such payments, then (i) to the fullest extent permitted by Applicable Law, the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) each Owner, each Credit Protection Provider and each Participant, as applicable, receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Authority shall make such deductions and (iii) the Authority shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) *Payment of Miscellaneous Taxes by the Authority.* Without limiting the provisions of paragraph (a) above, the Authority shall timely pay any Miscellaneous Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) *Indemnification by the Authority.* The Authority, to the fullest extent permitted by law, shall indemnify each Owner, each Credit Protection Provider and each Participant, within sixty (60) days after demand therefor, for the full amount of any Indemnified Taxes or Miscellaneous Taxes (including Indemnified Taxes or Miscellaneous Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by such Owner, such Credit Protection Provider or such Participant and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Miscellaneous Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate stating the amount of such payment or liability delivered to the Authority by such Owner, such Credit Protection Provider or such Participant shall be conclusive absent manifest error. In addition, the Authority shall indemnify such Owner, such Credit Protection Provider and such Participant, within ten (10) days after demand therefor, for any additional amounts that such Owner, such Credit Protection Provider or such Participant is required to pay as a result of any failure of the Authority to pay any Taxes when due to the appropriate Governmental Authority or to deliver to such Owner, such Credit Protection Provider or such Participant, as applicable, pursuant to clause (d), documentation evidencing the payment of Taxes.

Prior to claiming compensation pursuant to this subsection (c), such Owner, such Credit Protection Provider or such Participant, as applicable, will use reasonable efforts to investigate the alternatives (if any) for avoiding the need for, or the reduction of the amount of, such compensation, and such Owner, such Credit Protection Provider or such Participant, as applicable, shall take all reasonable steps to so avoid the need for, or reduce the amount of such compensation, *provided that*, none of such Owner, such Credit Protection Provider or such Participant shall be obligated to take any steps that are adverse to its business or operations or inconsistent with its policies. Each Owner, each Credit Protection Provider and each Participant, as applicable, agrees to repay the Authority any refund (including that portion of any interest that

was included as part of such refund) with respect to Taxes or Other Taxes paid by the Authority pursuant to this subsection (c) received by such Owner, such Credit Protection Provider or such Participant, as applicable, for Taxes or Other Taxes that were paid by the Authority pursuant to this subsection (c).

(d) *Evidence of Payments.* As soon as practicable after any payment of Indemnified Taxes or Miscellaneous Taxes by the Authority to a Governmental Authority, the Authority shall deliver to such Owner, such Credit Protection Provider or such Participant, as applicable, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to such Owner, such Credit Protection Provider or such Participant, as applicable.

(e) *Treatment of Certain Refunds.* If any Owner, any Credit Protection Provider or any Participant determines, in its sole discretion, that it has received a refund of any Taxes or Miscellaneous Taxes as to which it has been indemnified pursuant to this Section (including additional amounts paid by the Authority pursuant to this Section), it shall pay to the Authority an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, under this Section with respect to the Taxes or Miscellaneous Taxes giving rise to such refund), net of all out-of-pocket expenses of such Owner, such Credit Protection Provider or such Participant, as applicable, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided that* the Authority, upon the request of such Owner, such Credit Protection Provider or such Participant, as applicable, agrees to repay the amount paid over pursuant to this Section (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Owner, such Credit Protection Provider or such Participant, as applicable, in the event such Owner, such Credit Protection Provider or such Participant, as applicable, is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will such Owner, such Credit Protection Provider or such Participant, as applicable, be required to pay any amount to the Authority pursuant to this paragraph (e) the payment of which would place such Owner, such Credit Protection Provider or such Participant, as applicable, in a less favorable net after-Tax position than such Owner, such Credit Protection Provider or such Participant, as applicable, would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require such Owner, such Credit Protection Provider or such Participant, as applicable, to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Authority or any other Person.

(f) *Survival.* Without prejudice to the survival of any other agreement of the Authority hereunder, the agreements and obligations of the Authority contained in this Section shall survive the termination of this Agreement and the payment in full of the Drawdown Bonds and the Obligations of the Authority thereunder and hereunder.

(g) *Status of Owners; Tax Documentation.* (i) If any Owner, any Credit Protection Provider or any Participant is entitled to an exemption from or reduction of withholding Taxes with respect to payments made hereunder or under any Related Document, such Owner, such

Credit Protection Provider or such Participant, as applicable, shall deliver to the Authority at the time or times reasonably requested by the Authority, such properly completed and executed documentation reasonably requested by the Authority or as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, such Owner, such Credit Protection Provider or such Participant, as applicable, if reasonably requested by the Authority, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Authority as will enable the Authority to determine whether or not such Owner, such Credit Protection Provider or such Participant is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 4.4(g)(ii) below) shall not be required if, in such Owner's, such Credit Protection Provider's or such Participant's reasonable judgment, such completion, execution or submission would subject such Owner, such Credit Protection Provider or such Participant to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Owner, such Credit Protection Provider or such Participant.

(ii) Without limiting the generality of the foregoing, if the Authority is resident for tax purposes in the United States, such Owner, such Credit Protection Provider or such Participant shall deliver to the Authority (and from time to time thereafter upon the reasonable request of the Authority), executed originals of IRS Form W-9 certifying that such Owner, such Credit Protection Provider or such Participant, as applicable, is exempt from U.S. federal backup withholding tax.

Section 4.5. Calculation of Interest and Fees; Maximum Interest Rate; Default Rate.

(a) Interest on Drawdown Bonds shall be calculated on the basis of a year of 365 or 366 days, as applicable, based on the actual number of days elapsed. Interest on fees payable hereunder shall be calculated on the basis of a year of 360 days based on the actual number of days elapsed.

(b) Any and all amounts remaining unpaid when due under this Agreement shall bear interest at the Default Rate until repaid and shall be payable upon demand. Any such amounts which constitute interest remaining unpaid when due shall be added to principal, and such interest shall, in turn, bear interest at the Default Rate until repaid and shall be payable upon demand. Upon the occurrence and during the continuance of a Bondholder's Agreement Event of Default, the Drawdown Bonds and all other Obligations shall bear interest at the Default Rate, which shall be payable by the Authority to the Owners upon demand therefor by the Owner Representative and be calculated on the basis of a 360-day year and actual days elapsed.

(c) In the event that the rate of interest payable hereunder shall exceed the Maximum Interest Rate for any period for which interest is payable, then (i) interest at the Maximum Interest Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof and (B) the Maximum Interest Rate (the "*Excess Interest Amount*"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Interest Rate, at which time the Authority shall pay to the Owners, with respect to amounts then payable to the Owners that are required to accrue interest hereunder, such portion of the deferred Excess Interest Amount as will cause the rate of interest

then paid to the Owners, to equal the Maximum Interest Rate, which payments of deferred Excess Interest Amount shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest Amount is fully paid to the Owners. Notwithstanding the foregoing, on the date on which no principal amount with respect to the Drawdown Bonds remains unpaid, the Authority shall pay to the Owners a fee equal to any accrued and unpaid Excess Interest Amount.

(d) All amounts paid pursuant to this Agreement shall be non-refundable and shall be paid in immediately available funds.

Section 4.6. Liability of the Entities. None of the Underwriter, the Purchaser, the Owner Representative or any other Owner or any of their respective officers, directors, employees, representatives or agents shall be liable or responsible for (i) the use which may be made of any Drawdown Bonds, any Purchases, any Drawings, the Bond Purchase Agreement or this Agreement or for any acts, omissions, errors, interruptions, delays in transmission, dispatch or delivery of any message or advice, however transmitted, of the Underwriter, the Purchaser, the Owner Representative or any other Owner in connection with this Agreement, the Bond Purchase Agreement, the Drawdown Bonds, any Purchases, any Drawings or any other Related Document, (ii) any action, inaction or omission which may be taken by the Underwriter, the Purchaser, the Owner Representative or any other Owner in connection with this Agreement, the Bond Purchase Agreement, the Drawdown Bonds, any Purchases, any Drawings or any Related Document, (iii) the validity, sufficiency or genuineness of documents, or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged, (iv) payment by the Underwriter against presentation of documents which do not comply with the terms of the Bond Purchase Agreement, including failure of any documents to bear any reference or adequate reference to the Bond Purchase Agreement or this Agreement, or (v) any other circumstances whatsoever in making or failing to make payment under the Bond Purchase Agreement, except for acts or events described in the immediately preceding clauses (i) through (v), to the extent, but only to the extent, of any direct, as opposed to special, indirect, consequential or punitive, damages (the right to receive special, indirect, consequential or punitive damages being hereby waived) suffered by it which the Authority proves were caused by (y) the Underwriter's willful misconduct or gross negligence in determining whether documents presented under this Agreement comply with the terms of the Bond Purchase Agreement or (z) the Underwriter's failure to pay under the Bond Purchase Agreement after the presentation to it of a Request for Purchase or a Request for Drawing strictly complying with the terms and conditions of the Bond Purchase Agreement. The Authority further agrees that any action taken or omitted by the Underwriter, the Credit Protection Provider, the Purchaser, the Owner Representative or any Owner under or in connection with this Agreement or the Bond Purchase Agreement or the related draft or documents, if done without willful misconduct or gross negligence, shall be effective against the Authority as to the rights, duties and obligations of the Underwriter, the Credit Protection Provider, the Purchaser, the Owner Representative or such Owner and shall not place the Underwriter, the Credit Protection Provider, the Purchaser, the Owner Representative or such Owner under any liability to the Authority. In furtherance and not in limitation of the foregoing, the Underwriter may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 4.7. Obligations Unconditional. The Authority's obligation to repay the Drawdown Bonds and all of its other Obligations under this Agreement and the other Related Documents **[and to perform the obligations under this Agreement and the other Related Documents strictly in accordance with the terms of this Agreement and the other Related Documents]** shall be absolute and unconditional under any and all circumstances, including without limitation: (a) any lack of validity or enforceability of this Agreement, the Drawdown Bonds or any of the other Related Documents; (b) any amendment or waiver of or any consent to departure from all or any of the Related Documents; (c) the existence of any claim, set-off, defense or other right which the Authority may have at any time against the Owner Representative or any other Owner or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or (e) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing; and irrespective of any setoff, counterclaim or defense to payment which the Authority may have against the Underwriter, the Purchaser, the Owner Representative, any other Owner, any Participant, or any other Person, including, without limitation, any defense based on the failure of any nonapplication or misapplication of the proceeds of Purchases or Drawings under the Bond Purchase Agreement, and irrespective of the legality, validity, regularity or enforceability of this Agreement, the Drawdown Bonds or any or all other Related Documents, and notwithstanding any amendment or waiver of (other than an amendment or waiver signed by the Owner Representative explicitly reciting the release or discharge of any such obligation), or any consent to, or departure from, this Agreement, the Drawdown Bonds or any or all other Related Documents or any exchange, release, or nonperfection of any collateral securing the obligations of the Authority hereunder; *provided, however,* that nothing contained in this Section 4.7 shall abrogate or otherwise affect the rights of the Authority pursuant to Section 4.6 hereof.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Authority represents and warrants to the Purchaser and each other Owner as follows:

Section 5.1. Organization; Existence. The Authority is duly organized and validly existing as a local government entity of regional government organized and existing pursuant to the Act.

Section 5.2. Power and Authority. The Authority has (and had at the time of adoption, execution, delivery, issuance, sale or performance) full power, right and authority to (a) execute, deliver and perform its obligations under this Agreement and each of the Related Documents to which it is a party, and any and all instruments and documents required to be executed, adopted or delivered pursuant to or in connection herewith or therewith; (b) borrow amounts under the Subordinate Trust Indenture and the Bond Purchase Agreement and to execute, deliver and perform its obligations under the Drawdown Bonds and to repay the Obligations at the times and in the manner set forth herein and under the Drawdown Bonds and the Subordinate Trust Indenture; (c) possess, manage and operate the Airport System and carry on its business as now conducted; and (d) perform each and all of the matters and things herein and therein provided for

and the Authority has complied in all material respects with the laws of the State in all matters relating to such execution, delivery and performance.

Section 5.3. Due Authorization. This Agreement, the Subordinate Trust Indenture and each of the Related Documents to which the Authority is a party have been duly authorized, executed, issued and delivered. This Agreement, the Subordinate Trust Indenture, the Drawdown Bonds and each of the Related Documents to which the Authority is a party constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as such enforceability may be limited by the valid exercise of judicial discretion and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium, or other similar laws and equitable principles relating to or affecting creditors' rights generally from time to time in effect. The Obligations are payable from and secured by Subordinate Net Revenues as set forth herein and in the Subordinate Trust Indenture. The Drawdown Bonds will be duly issued, executed and delivered in conformity with the Act and the Subordinate Trust Indenture, and constitute legal, valid and binding special obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and entitled to the benefit and security of the Subordinate Trust Indenture.

Section 5.4. Necessary Actions Taken. The Authority has taken all actions necessary to be taken by it (a) for the execution and delivery of the Drawdown Bonds as Subordinate Obligations; (b) for the execution, adoption and delivery by the Authority of any and all instruments and the taking of all such other actions on the part of the Authority as may be necessary or appropriate for the effectuation and consummation of the transactions on the part of the Authority contemplated by this Agreement and the Related Documents or in connection herewith or therewith; and (c) to authorize or approve, as appropriate, the execution or adoption, issuance and delivery of, and the performance of its obligations under and the transactions contemplated by this Agreement and each of the Related Documents to which it is a party and the payment of the Obligations and the Drawdown Bonds at the times and in the manner set forth.

Section 5.5. No Contravention. The execution and delivery of this Agreement and each of the Related Documents to which the Authority is a party and compliance with the provisions hereof and thereof, will not conflict with or result in a violation of the Constitution or the laws of the State, including any debt limitations or other restrictions or conditions on the debt issuing power of the Authority, and will not conflict with or result in a violation of, or breach of, or constitute a default under, any law, judgment, order, decree or administrative regulation or any of the terms, conditions or provisions of the Act, the Master Senior Indenture or the Subordinate Trust Indenture or any ordinance, judgment, decree, contract, loan agreement, note, bond, resolution, indenture, mortgage, deed of trust or other agreement or instrument to which the Authority is a party or by which it or any property of the Authority is bound and will not, except as expressly provided herein, result in the imposition or creation of any lien, charge, or encumbrance upon or invalidate or adversely affect in any way the Subordinate Net Revenues.

The Authority has not received any notice, not subsequently withdrawn, given in accordance with the remedy provisions of any bond resolution or ordinance, trust indenture, guarantee or agreement or State law pertaining to bonds or notes secured by the Subordinate Net Revenues, of any default or event of default of the Authority which has not been cured, remedied or waived.

Section 5.6. Compliance. The current collection of Subordinate Net Revenues and the management of the Airport System and the accounting and recordkeeping therefor are in material compliance with all applicable state and federal laws and all applicable resolutions, ordinances and rules of the Authority. **[The Authority is in compliance with all laws, ordinances, orders, rules and regulations applicable to it, except to the extent noncompliance could not reasonably be expected to have a Material Adverse Effect.]** The Authority is in compliance with the terms and conditions of the Subordinate Trust Indenture and each of the other Related Documents to which it is a party, and no breach of the terms hereof or thereof has occurred and is continuing, and no Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default has occurred and is continuing.

Section 5.7. No Default. No default by the Authority has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness issued by the Authority and secured by the Subordinate Net Revenues. No bankruptcy, insolvency or other similar proceedings pertaining to the Authority or any agency or instrumentality of the Authority are pending or presently contemplated.

Section 5.8. No Public Vote, Referendum or Legal Change. (a) To the best knowledge of the Authority, there is no proposed amendment to the Constitution of the State or any proposed public vote, referendum or other ballot initiative, the effect of which could reasonably be expected to have a Material Adverse Effect.

(b) There is no amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any public vote or referendum or other ballot initiative or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect.

Section 5.9. No Immunity. Under existing law, the Authority is not entitled to raise the defense of sovereign or governmental immunity in connection with any legal proceedings to enforce or collect upon this Agreement, the Drawdown Bonds, the Related Documents or the transactions contemplated hereby or thereby, including, without limitation, the payment of the Obligations; *provided, however*, that a claimant shall be required to comply with the provisions of the Tort Claims Act set forth in California Government Code Section 810 *et seq.* in tort or contract suits, actions or proceedings brought against the Authority.

Section 5.10. Litigation. There is no action, investigation, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the Authority or the Airport System or any arbitration in which service of process has been completed against the Authority or the Airport System or, to the knowledge of the Authority, any other action, investigation, suit or proceeding pending or threatened in any court, any other governmental authority with

jurisdiction over the Authority or the Airport System or any arbitration, in either case against the Authority or the Airport System or any of their respective properties or revenues, or any of the Related Documents to which it is a party, which if determined adversely to the Authority would adversely affect (A) the legality, validity or enforceability of this Agreement, the Drawdown Bonds or the Related Documents to which it is a party, (B) the validity, enforceability or perfection of the pledge of and lien on the Subordinate Net Revenues or on the amounts held in funds, accounts and subaccounts under the Subordinate Trust Indenture, (C) the status of the Authority as a local government entity of regional government, organized and validly existing under the laws of the State, (D) the exemption of interest on the Drawdown Bonds from the gross income of the recipients thereof for Federal income tax purposes, or (E) the rights and remedies of the Purchaser and/or Owner Representative under any of the Related Documents or which is reasonably likely to have a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Effective Date as to which the Owner Representative has received an opinion of counsel satisfactory to the Owner Representative, in form and substance satisfactory to the Owner Representative and its counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 5.11. Disclosure. All information, reports and other papers and data with respect to the Authority furnished to the Owner Representative, at the time the same were so furnished, were accurate in all material respects. Any financial, budget and other projections furnished to the Purchaser and the Owner Representative were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections.

Section 5.12. Financial Information. The Authority has delivered to the Owner Representative a copy of the audited financial statements for the Authority and the Airport System for the fiscal year ended June 30, 2016. These together with related notes, fairly present the financial position and results of operation of the Authority and the Airport System as of the date and for the periods therein set forth. All such financial statements have been prepared in accordance with GAAP. There has been no material adverse change in the financial position, including the Net Revenues and Subordinate Net Revenues, results of operations or projections of revenues of the Airport System since June 30, 2016, except as disclosed in writing to the Owner Representative prior to the Effective Date, which would be reasonably likely to result in a Material Adverse Effect. The Authority has no material contingent liabilities or other material contracts or commitments payable from Subordinate Net Revenues which are not reflected in such financial statements previously delivered to the Owner Representative or in the notes thereto or otherwise as disclosed to the Owner Representative.

Section 5.13. Official Signatures. An Authorized Authority Representative has and had full power and authority to execute, deliver and perform under this Agreement and each of the Related Documents to which the Authority is a party. Any agreement, certificate or request signed by or on behalf of any Authorized Authority Representative or Designated Representative and delivered to the Purchaser shall be deemed a representation and warranty by the Authority to the Purchaser as to the truth, accuracy and completeness of the statements made by the Authority therein.

Section 5.14. Incorporation of Representations and Warranties by Reference. The Authority hereby makes to the Purchaser and each Owner the same representations and warranties made by the Authority in each Related Document to which the Authority is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Purchaser and each Owner with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. Except as permitted by Section 6.15 hereof, no amendment to such representations and warranties or defined terms made pursuant to any Related Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Purchaser.

Section 5.15. Environmental Matters. To the best knowledge of the Authority, the operations of the Airport System (i) have not become subject to any Environmental Liability nor does the Authority know of any basis for any Environmental Liability and (ii) are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations (including all Environmental Laws) and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action would have a Material Adverse Effect. The Authority has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law.

Section 5.16. Security; Pledge of Subordinate Net Revenues Securing Obligations. The Subordinate Trust Indenture creates, for the benefit of the Purchaser, and the other Owners, with respect to the payment of the principal of and interest on the Drawdown Bonds and the Obligations, the legally valid, binding and irrevocable lien on and pledge of the Subordinate Net Revenues. There is no lien on the Subordinate Net Revenues other than the liens created by the Subordinate Trust Indenture. None of the Master Senior Trust Indenture, the Master Subordinate Trust Indenture or the Fourth Supplemental Subordinate Trust Indenture permit the issuance of any Debt secured by the Subordinate Net Revenues to rank senior to the payment of the principal of and interest on the Subordinate Obligations, the Drawdown Bonds or the Obligations, other than the Senior Lien Revenue Bonds and reserves established with respect to the Senior Lien Revenue Bonds. The payment of the Obligations ranks on a parity with the payment of the principal of and interest on the Subordinate Obligations and is not subordinate to any payment secured by a lien on the Subordinate Net Revenues or any other claim other than payments with respect to the principal of, purchase price, premium, if any, and interest on the Senior Lien Revenue Bonds and the funding of reserves therefor as set forth in the Master Subordinate Trust Indenture and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien. No filing, registration, recording or publication of the Subordinate Trust Indenture or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the lien created thereby on the Subordinate Net Revenues to secure the Drawdown Bonds and the Obligations. As of the Effective Date, there is no indebtedness of the Authority payable from or secured by the Subordinate Net Revenues or amounts held in funds, accounts or subaccounts under the Subordinate Trust Indenture or any portion thereof on a basis that is on a parity with the Obligations other than the Subordinate Obligations existing as of the Effective Date. The

Obligations and the Drawdown Bonds constitute “Subordinate Obligations” for purposes of the Subordinate Trust Indenture.

Section 5.17. Tax Exempt Status of Drawdown Bonds. The Authority has not taken any action and knows of no action that any other Person has taken which would cause interest on any Drawdown Bond to be included in the gross income of the recipients thereof for Federal income tax purposes.

Section 5.18. Margin Regulations. The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Drawdown Bonds, any Purchases, any Drawings or any other amounts received from the Purchaser pursuant to this Agreement or from the Underwriter pursuant to the Bond Purchase Agreement will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

Section 5.19. The Drawdown Bonds. The Drawdown Bonds will be duly issued and the Drawdown Bonds and the Obligations shall constitute Subordinate Obligations under the Subordinate Trust Indenture and will be entitled to the benefits thereof.

Section 5.20. Pari Passu. Under the laws of the State, the obligation of the Authority under this Agreement and the Subordinate Trust Indenture to pay interest at the applicable Drawdown Rate, the Default Rate or the Taxable Drawdown Rate as set forth herein constitutes a charge and lien on the Subordinate Net Revenues equal to and on a parity with the charge and lien upon the Subordinate Net Revenues for the payment of the other Obligations and the principal of and interest on the Drawdown Bonds and all other Subordinate Obligations under the Subordinate Trust Indenture, and, with respect to Net Revenues, subordinate only to the Senior Lien Revenue Bonds and reserves relating thereto.

Section 5.21. Maximum Interest Rate. The terms of the Related Documents (including the Drawdown Bonds) regarding the calculation of interest and fees do not violate any applicable usury laws.

Section 5.22. Valid Lien. The Authority’s irrevocable pledge of the Subordinate Net Revenues and amounts hereunder and under the Subordinate Trust Indenture and in the funds, accounts and subaccounts established and maintained under the Subordinate Trust Indenture to and for the payment of the Obligations of the Authority under this Agreement and the Subordinate Trust Indenture and for the payment of the Obligations and the Drawdown Bonds is valid and binding and no further acts, instruments, approvals or consents are necessary for the creation, validity or perfection thereof. The provisions of the Subordinate Trust Indenture constitute a contract between the Authority and each Owner subject to the provisions of the Subordinate Trust Indenture, and each Owner (or the Owner Representative on behalf of the Owners), may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Authority as a result of issuing the Drawdown Bonds.

Section 5.23. ERISA; Plans; Employee Benefit Plans. The Authority is not subject to ERISA and maintains no Plans and has no funding obligations under any employee benefit plans which could reasonably be expected to result in a Material Adverse Effect.

Section 5.24. Solvency. After giving effect to the issuance of the Drawdown Bonds and the other obligations contemplated by this Agreement, the Authority is solvent, having assets of a fair value which exceeds the amount required to pay its debts (including contingent, subordinated, unmatured and unliquidated liabilities) as they become absolute and matured, and the Authority is able to and anticipates that it will be able to meet its debts as they mature and has adequate capital to conduct its business in which it is engaged.

Section 5.25. Anti-Terrorism Laws. Neither the Authority nor any of Affiliates thereof is in violation of any Laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act;

(i) neither the Authority nor any Affiliate thereof is any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person with which the Underwriter, the Purchaser or any Owner is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(E) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("*OFAC*") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list; and

(ii) to the best of the Authority's knowledge neither the Authority nor any Affiliate thereof (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (i) above, (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

Section 5.26. Sale of Drawdown Bonds to Underwriter. Neither the Authority nor anyone authorized to act on its behalf, directly or indirectly, has offered the Drawdown Bonds for sale to, or solicited any offer to buy the Drawdown Bonds from, anyone other than the Underwriter.

ARTICLE VI

COVENANTS OF THE AUTHORITY

So long as the Commitment Amount or any Drawdown Bond is outstanding and until all Obligations shall have been paid in full, the Authority hereby covenants and agrees with the Purchaser and each other Owner, unless otherwise consented to in writing by the Owner Representative in its sole discretion, as follows:

Section 6.1. Maintenance of Existence. To the extent permitted by law, the Authority shall maintain its existence, rights and privileges pursuant to the Act and the laws of the State and at all times maintain its ownership of the Airport System.

Section 6.2. Reports, Certificates and Other Information. The Authority shall furnish or cause to be furnished to the Owner Representative copies of:

(a) as soon as available, but in any event within one hundred eighty-one (181) days after the end of each Fiscal Year, the annual audited financial statements for the Authority together with the opinion of the Authority's independent accountants and a certificate from the Executive Director or the Vice President, Finance and Asset Management/Treasurer addressed to the Owner Representative demonstrating compliance with Section 6.7 hereof and stating that neither a Potential Bondholder's Agreement Event of Default nor a Bondholder's Agreement Event of Default has occurred which was continuing at the end of such Fiscal Year or on the date of his certification, or, if such an event has occurred and was continuing at the end of such Fiscal Year or on the date of his certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto;

(b) (i) as soon as available, but in any event within sixty (60) days after December 31 of each year, a copy of the unaudited financial statements of the Authority for the six months ended December 31, accompanied by a certification from the Executive Director or the Vice President, Finance and Asset Management/Treasurer addressed to the Owner Representative stating that neither a Potential Bondholder's Agreement Event of Default nor a Bondholder's Agreement Event of Default has occurred which was continuing at the end of such six month period or on the date of the certification, or, if such an event has occurred and was continuing at the end of such six month period or on the date of the certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto; and (ii) as soon as available, but in any event within sixty (60) days after the end of each fiscal quarter of each Fiscal Year, a copy of the unaudited financial statements of the Authority for such fiscal quarter; *provided* that the requirement to furnish such quarterly unaudited financial

statements will be deemed to have been satisfied if the Authority shall have posted such financial statements on its website within such sixty (60) day period; *provided, further*, that (A) if such quarterly unaudited financial statements are not posted on the Authority's website within such sixty (60) day period, the Authority shall furnish or cause to be furnished to the Owner Representative a copy of the quarterly unaudited financial statements of the Authority for such fiscal quarter within ten (10) Business Days of the Owner Representative's request therefor and (B) the failure to post any unaudited financial statements on the Authority's website shall not be a Bondholder's Agreement Event of Default under 7.1(c) hereof;

(c) as soon as available, but in any event within thirty (30) days following the approval thereof, the Authority Budget and annual appropriation resolution for the Authority;

(d) as soon as available, all notices, certificates, instruments, letters and written commitments in connection with the Obligations provided to the Trustee other than those notices, certificates, instruments, letters and written commitments that relate solely to the routine issuance and payment of the Obligations;

(e) within ten (10) days after the issuance by the Authority of any Senior Lien Revenue Bonds secured by Net Revenues or any Subordinate Obligations secured by Subordinate Net Revenues, with respect to which a final official statement or other offering circular has been prepared by the Authority, the Authority will provide to the Owner Representative notice of such issuance and a copy of such official statement or offering circular (or a link to EMMA with respect to such official statement or offering circular);

(f) (i) promptly upon obtaining knowledge of any Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default, or notice thereof, and within five (5) days thereafter, a certificate signed by a Designated Representative specifying in reasonable detail the nature and period of existence thereof and what action the Authority has taken or proposes to take with respect thereto; and (ii) promptly following a written request of the Owner Representative, a certificate of a Designated Representative as to the existence or absence, as the case may be, of a Potential Bondholder's Agreement Event of Default or a Bondholder's Agreement Event of Default;

(g) promptly, provide the Owner Representative notice of any change in any Authority Rating;

(h) as promptly as practicable, written notice to the Owner Representative of all litigation served against the Authority and all proceedings before any court or governmental authority which could reasonably be expected to have a Material Adverse Effect or of any other event which is likely to have a Material Adverse Effect; and

(i) such other information regarding the affairs and condition of the Authority and the Airport System as the Owner Representative may from time to time reasonably request; *provided* that the Authority shall not be required to furnish such information if doing so violates applicable law as reasonably construed.

Section 6.3. Maintenance of Books and Records. The Authority will keep, and cause to be kept, proper books of record and account in which full, true and correct entries in accordance with the Authority's budget basis accounting principles and reporting practices will be made of all dealings or transactions in relation to its activities.

Section 6.4. Access to Books and Records. To the extent permitted by law, the Authority will permit any Person designated by the Owner Representative (at the expense of the Owner Representative) to visit any of the offices of the Authority to examine the books and financial records (except books and financial records the examination of which by the Owner Representative is prohibited by law or subject to some privilege), including minutes of meetings of any relevant governmental committees or agencies, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Authority with their principal officials, all at such reasonable times and as often as the Owner Representative may reasonably request.

Section 6.5. Compliance with Documents. The Authority agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in each of the Related Documents to which it is a party, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Owners and shall be enforceable against the Authority. To the extent that any such incorporated provision permits the Authority or any other Person to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Authority or any Person, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Owner Representative in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Owner Representative which shall only be evidenced by the written approval by the Owner Representative of the same. Except as permitted by Section 6.15 hereof, no termination or amendment to such covenants and agreements or defined terms or release of the Authority with respect thereto made pursuant to any of the Related Documents to which the Authority is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the Authority with respect thereto in each case as incorporated by reference herein without the prior written consent of the Owner Representative. Notwithstanding any termination or expiration of any such Related Document to which the Authority is a party, the Authority shall, unless such Related Document has terminated in accordance with its terms and has been replaced by a new Related Document, continue to observe the covenants therein contained for the benefit of the Owners until the termination of this Agreement. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

Section 6.6. Compliance with Law. The Authority shall comply with and observe the obligations and requirements set forth in the Constitution of the State of California and in all laws, statutes, rules and regulations binding upon it relating to the Airport System and the Related Documents to which the Authority is a party.

Section 6.7. Rate Covenant. The Authority covenants and agrees that it shall take any and all action necessary such that Revenues and Subordinate Net Revenues in each Fiscal Year shall equal an amount at least sufficient to satisfy the provisions of Section 5.04 of the Master Subordinate Trust Indenture.

Section 6.8. Further Assurances. From time to time hereafter, the Authority will execute and deliver such additional instruments, certificates or documents, and will take all such actions as the Owner Representative may reasonably request for the purposes of implementing or effectuating the provisions of the Related Documents to which the Authority is a party or for the purpose of more fully perfecting or renewing the rights of the Owners with respect to the rights, properties or assets subject to such documents (or with respect to any additions thereto or replacements or proceeds thereof or with respect to any other property or assets hereafter acquired by the Authority which may be deemed to be a part thereof). Upon the exercise by the Owner Representative of any power, right, privilege or remedy pursuant to the Related Documents to which the Authority is a party which requires any consent, approval, registration, qualification or authorization of any governmental authority or instrumentality, the Authority will, to the extent permitted by law, execute and deliver all necessary applications, certifications, instruments and other documents and papers that the Owner Representative may be required to obtain for such governmental consent, approval, registration, qualification or authorization.

Section 6.9. No Impairment. The Authority will neither take any action, nor cause any Person to take any action, under any Related Document which would materially adversely affect the rights, remedies or security of the Owner Representative or any other Owner under this Agreement or any other Related Document or which could result in a Material Adverse Effect.

Section 6.10. Application of Proceeds. The Authority will not take or omit to take any action, which action or omission will in any way result in the proceeds from any Purchase or Drawing being applied in a manner other than as provided in the Subordinate Trust Indenture, the Tax Certificate and this Agreement.

Section 6.11. DTC. The Authority shall at all times cause each Subseries of the Drawdown Bonds to be held with DTC or through the systems of DTC (i.e., the Fast Automated Securities Transfer System) and shall cause each Subseries of the Drawdown Bonds to be assigned a CUSIP number.

Section 6.12. Reserved.

Section 6.13. Limitation on Additional Debt. The Authority will not issue any additional Subordinate Obligations payable from or secured by Subordinate Net Revenues (other than the Revolving Obligations issued in accordance with the provisions of the Master Subordinate Trust Indenture, the Third Supplemental Subordinate Trust Indenture and the Revolving Credit

Agreement, and the Drawdown Bonds issued pursuant to the Subordinate Trust Indenture) unless the Authority complies with the provisions of Section 2.11 of the Master Subordinate Trust Indenture. Within ten (10) days after the issuance by the Authority of any Subordinate Obligations secured by Subordinate Net Revenues, the Authority will provide the Owner Representative copies of the certificates required to be delivered by the Authority pursuant to Section 2.09(d) and (e) of the Master Subordinate Trust Indenture.

Section 6.14. Maintenance of Tax Exempt Status. The Authority will not take any action or omit to take any action that, if taken or omitted, would adversely affect the exclusion of interest on any Drawdown Bond from the gross income of any Owner for Federal income tax purposes; *provided, however*, that the Authority shall not be in violation of the provisions of this Section 6.14 as a result of an Owner being a “substantial user” of the projects financed or refinanced with proceeds of an AMT Drawdown Bond or a “related person” for purposes of Section 147(a) of the Code.

Section 6.15. Amendments to Master Subordinate Trust Indenture, Fourth Supplemental Subordinate Trust Indenture and Other Related Documents. The Authority will not amend or modify, or permit to be amended or modified in any manner whatsoever (i) Sections 2.11, 4.01, 4.02 (excluding clauses (vi) and (vii) of subparagraph (b) thereof), 5.03, 5.04, 5.06, 5.08, 5.09 or 5.12 of the Master Senior Trust Indenture and Sections 2.11, 4.01, 5.04, 5.07 or 5.08 of the Master Subordinate Trust Indenture, in each case without the prior written consent of the Owner Representative nor shall it amend, modify or supplement any other provision of the Master Senior Trust Indenture or the Master Subordinate Trust Indenture (other than those set forth above) in a manner which would have a material adverse effect upon the Authority’s ability to perform its obligations under this Agreement or to repay indebtedness that is secured by the Subordinate Net Revenues or which adversely affects the security for the Drawdown Bonds or the Authority’s ability to repay when due the Obligations or the rights or remedies of the Owner Representative under the Related Documents or hereunder; or (ii) any other Related Document without the prior written consent of the Owner Representative (except the Tax Certificate).

Section 6.16. Maintenance of Insurance. The Authority covenants and agrees that it shall comply with Section 5.10 of the Master Senior Trust Indenture.

Section 6.17. Reserved.

Section 6.18. Taxes and Liabilities. The Authority shall pay all its indebtedness and obligations promptly and in accordance with their terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, which default could have a Material Adverse Effect; *provided* that the Authority shall have the right to defer payment or performance of obligations to Persons other than the Owners and the Trustee with respect to the Drawdown Bonds so long as it is contesting in good faith the validity of such obligations by appropriate legal action and no final order or judgment has been entered with respect to such obligations.

Section 6.19. Trustee. Unless otherwise consented to in writing by the Owner Representative, the Authority shall ensure that any replacement Trustee shall have capital of not less than \$500,000,000, and such Trustee or its respective parent organization shall have an underlying rating from Moody's and S&P of at least "A2" (or its equivalent) and "A" (or its equivalent), respectively.

Section 6.20. Waiver of Sovereign Immunity. The Authority hereby agrees not to assert the defense of any right of sovereign or governmental immunity in any legal proceeding to enforce or collect upon the obligations of the Authority under this Agreement or any other Related Document or the transactions contemplated hereby or thereby.

Section 6.21. Credit Facilities. (i) In the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides such Person with additional or more restrictive covenants (including without limitation financial covenants) and/or additional or more restrictive events of default (collectively, the "Additional Rights") than are provided to the Owner Representative in this Agreement, then, upon the occurrence of an event of default (without regard to a waiver of such event of default) under such agreement (or amendment thereto) caused by such Additional Rights, such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Owner Representative shall have the benefits of such Additional Rights; *provided, however*, that such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Owner Representative shall have the benefits of such Additional Rights only from and after the occurrence of an event of default under the related Bank Agreement caused by the Additional Rights or a failure by the Authority to comply with such Additional Rights. The Authority shall promptly, upon the occurrence of an event of default (without regard to a waiver of such event of default) under the related Bank Agreement caused by such Additional Rights or a failure by the Authority to comply with such Additional Rights, enter into an amendment to this Agreement to include such Additional Rights, *provided* that the Owner Representative shall maintain the benefit of such Additional Rights even if the Authority fails to provide such amendment. If the Authority shall amend the related Bank Agreement such that it no longer provides for such Additional Rights, then, without the consent of the Owner Representative, this Agreement shall automatically no longer contain the related Additional Rights and the Owner Representative shall no longer have the benefits of any of the related Additional Rights.

(ii) In the event that the Authority shall enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides for any term or provision which permits any outstanding advance, loan or drawing to be amortized over a period shorter than the Amortization Period set forth in Section 2.1(e) hereof (such shorter amortization period, the "*Shorter Amortization Period*"), this Agreement shall automatically be deemed to be amended such that the Amortization Period set forth in Section 2.1(e) hereof shall be such Shorter Amortization Period. Upon the occurrence of the conditions set forth in the immediately preceding sentence, the Authority shall promptly enter into an amendment to this Agreement such that the Amortization Period equals such Shorter Amortization Period, *provided* that the Amortization Period shall equal the Shorter Amortization Period regardless of whether this Agreement is

amended. If the Authority shall amend the Bank Agreement such that it no longer provides for an amortization of the related advance, loan, drawing or other obligation for a period less than the Amortization Period as of the Effective Date, then, the Authority shall promptly enter into an amendment to this Agreement such that the Amortization Period equals the Amortization Period set forth in Section 2.1(e) hereof as of the Effective Date, *provided* that the Amortization Period shall equal the Amortization Period set forth in Section 2.1(e) hereof as of the Effective Date regardless of whether this Agreement is amended.

Section 6.22. Right to Accelerate. In the event the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which Bank Agreement includes the right to accelerate the payment of the principal of or interest on any series of Senior Lien Revenue Bonds or Subordinate Obligations upon the occurrence and continuation of an event of default or event of termination under such Bank Agreement, or such Bank Agreement includes the right to accelerate the payment of the principal of or interest on any series of Senior Lien Revenue Bonds or Subordinate Obligations upon the occurrence and continuation of an event of default or event of termination under such Bank Agreement within a shorter period than is available to the Owner Representative under this Agreement (herein referred to as “*New Acceleration Provisions*”), then such New Acceleration Provisions shall automatically be deemed incorporated herein and the Owner Representative shall automatically have the benefit of such New Acceleration Provisions. The Authority shall promptly, upon the occurrence of the Authority entering into any Bank Agreement (or amendment thereto) which provides for New Acceleration Provisions, enter into an amendment to this Agreement to include such New Acceleration Provisions; *provided* that the Owner Representative shall maintain the benefit of such New Acceleration Provisions even if the Authority fails to provide such amendment. The release, termination or other discharge of such Bank Agreement that provides for such New Acceleration Provisions shall be effective to amend, release, terminate or discharge (as applicable) such provisions as incorporated by reference herein without the consent of the Owner Representative.

Section 6.23. Maintenance of Ratings. The Authority shall at all times maintain long-term unenhanced ratings on the Subordinate Obligations (other than this Agreement, the Drawdown Bonds and the Obligations hereunder, and the Revolving Credit Agreement, the Revolving Obligations and the note issued pursuant to the Third Supplemental Subordinate Indenture and the Revolving Credit Agreement) by any two Nationally Recognized Statistical Rating Organizations (as defined under the Securities Exchange Act of 1934, as amended) approved by the Owner Representative. As of the Effective Date, the Authority maintains long-term unenhanced ratings on the Subordinate Obligations from Fitch, Moody’s and S&P. Such Rating Agencies are approved by the Owner Representative (unless and until the Owner Representative notifies the Authority in writing that it no longer approves of Fitch, Moody’s or S&P).

Section 6.24. Liens, Etc. The Authority shall not create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under the Subordinate Trust Indenture except those Liens specifically permitted under the Subordinate Trust Indenture; *provided, however,* that, unless otherwise consented to in advance in writing by the Owner Representative,

in no event will the Authority permit any Lien upon the Net Revenues or the Subordinate Net Revenues securing any termination payment pursuant to any Swap Contract to be on parity with or senior to the Lien on Subordinate Net Revenues securing the Obligations and the Drawdown Bonds.

Section 6.25. Federal Reserve Board Regulations. The Authority shall not use any portion of the proceeds of any of the Drawdown Bonds or any Purchase or Drawing for the purpose of carrying or purchasing any Margin Stock.

Section 6.26. Use of Information. Except as may be required by law (including, but not limited to, federal and state securities laws), the Authority shall not use the Underwriter's, the Purchaser's, the Owner Representative's or any other Owner's name in any published materials (other than the Authority's staff reports, annual statements, audited financial statements, and rating agency presentations) without the prior written consent of such Person (which consent shall not be unreasonably withheld); *provided* that, without the prior written consent of such applicable Person, the Authority may identify the Purchaser as a party to this Agreement, the Underwriter as a party to the Bond Purchase Agreement, the stated amount of the Commitment, the expiration date of the Commitment, that the interest rate on the Drawdown Bonds is based on a SIFMA plus a spread (such spread shall not be identified) and that the Drawdown Bonds and the Authority's obligations under this Agreement are secured by Subordinate Net Revenues, in offering documents with respect to the Senior Lien Revenue Bonds and the Subordinate Obligations, so long as no other information relating to this Agreement or the Owner Representative is disclosed in such offering documents without the prior written consent of the Owner Representative.

Section 6.27. Consolidation, Merger, Etc. The Authority shall not dissolve or otherwise dispose of all or substantially all of the assets of the Authority or consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority; *provided, however*, that the Authority may consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority if each of the following conditions shall have been fulfilled:

- (i) such merger or consolidation shall be with or into another governmental entity which shall assume in writing, reasonably satisfactory in form and substance to the Owner Representative, or by operation of law the due and punctual performance and observance of all of the covenants, agreements and conditions of this Agreement and the other Related Documents;

- (ii) such merger or consolidation shall not adversely affect or impair to any extent or in any manner (1) the Subordinate Net Revenues, (2) the availability of the Subordinate Net Revenues for the payment and security of the Drawdown Bonds and the obligations of the Authority under this Agreement, or (3) the pledge or security afforded by the Master Senior Trust Indenture and the Master Subordinate Trust Indenture to the Senior Lien Revenue Bonds and the Subordinate Obligations, and the Authority shall have furnished to the Owner Representative, for the benefit of the Owners, an opinion of its Bond Counsel,

satisfactory in form and substance to the Owner Representative, to such effect; and

(iii) the Authority shall have given the Owner Representative not less than 60 days' prior written notice of such merger or consolidation and furnished to the Owner Representative all such information concerning such merger or consolidation as shall have been reasonably requested by the Owner Representative.

Section 6.28. Incorporation of Waiver of Jury Trial and Judicial Reference from Bank Agreements. In the event that the Authority has or shall enter into, or otherwise consent to any Bank Agreement which (i) provides that the Authority waives any right to a trial by jury in any action, suit or proceeding arising under or relating to such Bank Agreement, or (ii) provides that the Authority consents to the adjudication of any action, suit or proceeding arising under or relating to such Bank Agreement pursuant to judicial reference as provided in California Code of Civil Procedure Section 638, this Agreement shall be deemed to be amended to include a substantially similar provision for the benefit of the Owner Representative and each other Owner (any such provision described in (i) or (ii) referred to herein as a "*Section 6.28 Bank Agreement Provision*"). The Authority shall promptly notify the Owner Representative of any Bank Agreement which it enters into with any other Person which contains a Section 6.28 Bank Agreement Provision, and the Authority shall promptly, and in any event within thirty (30) Business Days after the effective date of such Bank Agreement provide the Owner Representative with a copy of such Bank Agreement. To evidence the foregoing, upon the reasonable request of the Owner Representative, the Authority shall enter into an amendment to this Agreement within sixty (60) days after a request by the Owner Representative to document any Section 6.28 Bank Agreement Provision deemed to be added to this Agreement pursuant to this Section. Notwithstanding the foregoing, the Owner Representative and each other Owner shall automatically maintain the benefit of any Section 6.28 Bank Agreement Provision, even if the Authority fails to provide the Owner Representative with a copy of such Bank Agreement containing the Section 6.28 Bank Agreement Provision or fails to enter into any such amendment to this Agreement with the Owner Representative.

ARTICLE VII

BONDHOLDER'S AGREEMENT EVENTS OF DEFAULT

Section 7.1. Bondholder's Agreement Events of Default. The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of law) shall be a "*Bondholder's Agreement Event of Default*" hereunder, unless waived in writing by the Owner Representative:

(a) the Authority fails to pay, or cause to be paid, when due (i) any principal of or interest on any Drawdown Bond or (ii) any other Obligation;

(b) any representation, warranty or statement made by or on behalf of the Authority herein or in any Related Document to which the Authority is a party or in any

certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or the documents, certificates or statements of the Authority (including unaudited financial reports, budgets, projections and cash flows of the Authority and the Airport System) furnished to the Owner Representative by or on behalf of the Authority in connection with the transactions contemplated hereby, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made;

(c) (i) the Authority fails to perform or observe any term, covenant or agreement contained in Sections 6.1, 6.9, 6.13, 6.14, 6.15, 6.18, 6.23, 6.24 and 6.25 inclusive; or (ii) the Authority fails to perform or observe any other term, covenant or agreement contained in this Agreement (other than those referred to in Sections 7.1(a), or 7.1(c)(i) hereof or any other Bondholder's Agreement Event of Default hereunder) and any such failure cannot be cured or, if curable, remains uncured for thirty (30) days after written notice thereof to the Authority;

(d) the Authority shall (i) default in the payment of the principal of or interest on the Senior Lien Revenue Bonds or the Subordinate Obligations (other than the Drawdown Bonds), beyond the period of grace, if any, provided in the instrument or agreement under which such Senior Lien Revenue Bonds or Subordinate Obligations was issued or incurred; (ii) default in the observance or performance of any agreement or condition relating to any Senior Lien Revenue Bonds or Subordinate Obligations or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause the holder or holders of such Senior Lien Revenue Bonds or Subordinate Obligations (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Senior Lien Revenue Bonds or Subordinate Obligations to become due prior to its stated maturity; or (iii) default in the observance or performance of any agreement or condition relating to any Senior Lien Revenue Bonds or Subordinate Obligations or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to permit the holder or holders of such Senior Lien Revenue Bonds or Subordinate Obligations (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Senior Lien Revenue Bonds or Subordinate Obligations to become due prior to its stated maturity;

(e) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Drawdown Bonds or any other Subordinate Obligations or (B) the validity or enforceability of the pledge of the Subordinate Net Revenues or any other pledge or security interest created by the Subordinate Trust Indenture shall at any time for any reason cease to be valid and binding on the Authority as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable;

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) the payment of the principal of or interest on the Drawdown Bonds or any other Subordinate Obligations, or (B) the validity or enforceability of the pledge of the Subordinate Net Revenues or any other pledge or security interest created by the Subordinate Trust Indenture shall be publicly contested by the Authority; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the Authority, including, without limitation, as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority;

(f) a final judgment or order for the payment of money in excess of \$10,000,000 (in excess of the coverage limits of any applicable insurance therefor) shall have been rendered against the Authority and such judgment or order shall not have been satisfied, stayed, vacated, discharged or bonded pending appeal within a period of sixty (60) days from the date on which it was first so rendered;

(g) (i) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of any obligation secured by a lien, charge or encumbrance upon the Net Revenues or Subordinate Net Revenues; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the Authority seeks to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts; (iii) the Authority seeks appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of the Authority's property or a receiver, trustee, custodian or other similar official shall be appointed for the Authority or for any substantial part of the Authority's property, or the Authority shall make a general assignment for the benefit of its creditors; (iv) there shall be commenced against the Authority any case, proceeding or other action of a nature referred to in clause (ii) above and the same shall remain undismissed; (v) there shall be commenced against the Authority any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal, within sixty (60) days from the entry thereof; (vi) the Authority takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv) or (v) above; or (vii) the Authority shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(h) in the event that any Authority Rating is suspended, withdrawn, or otherwise unavailable from any Rating Agency, or if any Authority Rating is reduced below “Baa2” (or its equivalent), “BBB” (or its equivalent) or “BBB” (or its equivalent) by any of Moody’s, S&P or Fitch, respectively (but excluding any suspension or withdrawal of any such Authority Rating if the applicable Rating Agency has stipulated in writing that the rating action is being taken for non-credit related reasons)); or

(i) any event of default under the Master Senior Trust Indenture or the Subordinate Trust Indenture shall occur; or

(j) except as otherwise permitted under Section 6.27 hereof, the dissolution or termination of the existence of the Authority shall occur; or

(k) any Governmental Authority of competent jurisdiction shall declare a financial emergency or similar declaration with respect to the Authority and shall appoint or designate, with respect to the Authority, an entity such as an organization, a board, a commission, an authority, an agency or any other similar body to manage the affairs and operations of the Authority; or

(l) any Lien created by this Agreement or the Subordinate Trust Indenture or any other Related Document in favor of, or for the benefit of, the Owner Representative or any Owner shall at any time or for any reason (except as expressly permitted to be released by the terms of such governing document) not constitute a valid Lien.

Section 7.2. Remedies. (a) Upon the occurrence and continuation of any Bondholder’s Agreement Event of Default the Owner Representative may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law:

(i) by notice to the Authority, declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Authority; *provided* that upon the occurrence of a Bondholder’s Agreement Event of Default under Section 7.1(g) hereof such acceleration shall automatically occur (unless such automatic acceleration is waived by the Owner Representative in writing);

(ii) deliver a written notice to the Trustee and the Authority that a Bondholder’s Agreement Event of Default (a “*Notice of Bondholder’s Agreement Event of Default*”) has occurred and is continuing and direct the Trustee and the Authority, as applicable, to cause a mandatory redemption of the Drawdown Bonds or take such other remedial action as is provided for in the Subordinate Trust Indenture[, ***provided that the Owner Representative will incur no liability or responsibility whatsoever to any other Owner by reason of its failure to give such notice and such failure will in no way affect the adjustment of the interest rate on the Drawdown Bonds to the Default Rate upon the occurrence of a Bondholder’s Agreement Event of Default***]. The Notice of Bondholder’s Agreement Event of Default shall state that a Bondholder’s Agreement Event of Default has occurred and may state that the commitment of the

Underwriter to purchase Drawdown Bonds and to honor Purchases and Drawings under the Bond Purchase Agreement is terminated (in which case such commitment of the Underwriter under the Bond Purchase Agreement shall immediately terminate as provided in the Bond Purchase Agreement);

(iii) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Authority under the Related Documents, whether for specific performance of any agreement or covenant of the Authority or in aid of the execution of any power granted to the Owner Representative in the Related Documents;

(iv) cure any Potential Bondholder's Agreement Event of Default, Bondholder's Agreement Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however*, that the Owner Representative shall have no obligation to effect such a cure; and

(v) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents and as otherwise available at law and at equity.

(b) Notwithstanding the provisions of Section 7.2(a)(i) or 7.2(a)(ii) hereof, (x) the Owner Representative shall not declare the outstanding amount of the Drawdown Bonds and the Obligations under the Subordinate Trust Indenture and this Agreement to be immediately due and payable or cause a mandatory redemption of the Drawdown Bonds as described in Section 7.2(a)(i) or 7.2(a)(ii) hereof until seven (7) days after the occurrence of a Bondholder's Agreement Event of Default specified in Section 7.1(a)(i), 7.1(d)(i), 7.1(d)(ii), 7.1(e)(i), 7.1(e)(ii), 7.1(g) or 7.1(j) hereof and (y) the Owner Representative shall notify the Authority of mandatory redemption of the Drawdown Bonds at least one hundred eighty (180) days prior thereto in the case of any Bondholder's Agreement Event of Default not specified in the immediately preceding clause (x). Notwithstanding the foregoing sentence of this Section 7.2(b), if any other holder or credit enhancer of Debt secured by a lien or charge on Net Revenues or Subordinate Net Revenues or any counterparty under any Swap Contract related thereto causes any such Debt or other obligations of the Authority to become immediately due and payable, the Owner Representative may immediately, without notice, avail itself of the remedies set forth in Section 7.2(a) hereof and/or declare or cause to be declared the unpaid principal amount of all outstanding Drawdown Bonds, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder to be immediately due and payable.

Upon the occurrence of any Bondholder's Agreement Event of Default, the Drawdown Bonds and all other Obligations shall automatically and immediately bear interest at the Default Rate.

The provisions of this Agreement shall be a contract with each and every Owner and the duties of the Authority shall be enforceable by any Owner by mandamus or other appropriate suit, action, or proceeding in any court of competent jurisdiction.

Section 7.3. Waivers or Omissions. No failure on the part of Owner Representative to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any rights, remedies or powers provided by law or otherwise. No delay or omission by the Owner Representative in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Owner Representative or to be acquiescence therein. No express or implied waiver by the Owner Representative of any Bondholder's Agreement Event of Default shall in any way be a waiver of any future or subsequent Bondholder's Agreement Event of Default. The Owner Representative is entitled, but shall have no duty or obligation to the Authority, the Trustee or any other Person (other than the Owners) or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Owner Representative hereunder or under any of the other Related Documents.

Section 7.4. Discontinuance of Proceedings. In case the Owner Representative proceeds to invoke any right, remedy or recourse permitted hereunder or under the other Related Documents and thereafter elects to discontinue or abandon the same for any reason, the Owner Representative has the unqualified right so to do and, in such event, the Authority, and the Owners will be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Owner Representative and the Owners hereunder will continue as if the same had never been invoked.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Evidence of Debt. The Purchaser shall maintain in accordance with its usual practices an account or accounts evidencing the indebtedness resulting from each Purchase and Drawing made from time to time under the Bond Purchase Agreement and the Drawdown Bonds and the amounts of principal and interest payable and paid from time to time hereunder and under the Subordinate Trust Indenture. In any legal action or proceeding in respect of this Agreement, the entries made in such account or accounts shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations therein recorded.

Section 8.2. Amendments and Waivers. The Owner Representative and the Authority may from time to time enter into agreements amending, modifying or supplementing the Related Documents or changing the rights of the Owner Representative or the Authority thereunder, and the Owner Representative may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Authority thereunder. No amendment or waiver of any provision of this Agreement nor consent to any departure by the parties hereto shall in any event be effective unless the same shall be in writing and signed by the parties required by the immediately preceding sentence, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Any such agreement, waiver or consent must be in writing and will be effective only to the extent specifically set forth in such

writing. In the case of any such waiver or consent relating to any provision hereof, any Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default or impair any right consequent thereon.

Section 8.3. Addresses for Notices. Any notice required or permitted to be given under or in connection with this Agreement shall be in writing and shall be mailed by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid, or sent by telex, telegram, telecopy or other similar form of rapid transmission confirmed by mailing (by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid) written confirmation at substantially the same time as such rapid transmission, or personally delivered to an officer of the receiving party. All such communications shall be mailed, sent or delivered to the address or numbers set forth below, or as to each party at such other address or numbers as shall be designated by such party in a written notice to the other parties.

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| The Authority: | San Diego County Regional Airport Authority Commuter Terminal, 3rd Floor 3225 North Harbor Drive San Diego, California 92101 Attention: Vice President Finance & Asset Management/Treasurer Telephone: (619) 400-2802 Facsimile: (619) 400-2801 |
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|-----------------|---|
| with a copy to: | San Diego County Regional Airport Authority Commuter Terminal, 3rd Floor 3225 North Harbor Drive San Diego, California 92101 Attention: General Counsel Telephone: (619) 400-2802 Facsimile: (619) 400-2801 |
|-----------------|---|

The Owner Representative: RBC Municipal Products, LLC
100 Second Avenue South, Suite 800
St. Petersburg, Florida 337701-4337
Attention: Thomas Carlson
Telephone: (727) 895-8899
Facsimile: (727) 895-8895
Email: thomas.carlson@rbccm.com

and

Attention: Joseph Huesman
Facsimile: (212) 642-2490
Email: joseph.huesman@rbccm.com

and

Email: transactionreviewsub@rbccm.com

With a copy to:

Royal Bank of Canada
Corporate Banking
Three World Financial Center, 12th Floor
200 Vesey Street
New York, NY 10281 8098
Attention: Stephanie Gordon
Telephone: (212) 618-7501
Facsimile: _____
Email: stephanie.gordon@rbccm.com

And:

Credit Transaction Management – Compliance
Royal Bank of Canada
200 Bay Street, South Tower, 12th Floor RBPS 12
Toronto, Ontario M5J 2J5, Canada
Attention: Kamal Grover
Facsimile: (416) 842 4020
Email: managercompliance ctm@rbccm.com; and
transactionreviewsub@rbccm.com

The Trustee: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services
Telephone: 213.615.6023
Facsimile: 213.615.6197

The Owner Representative may in its sole discretion rely on any notice purportedly made by or on behalf of the Authority, but it has no duty to accept any notice not given as prescribed in this Section 8.3 and has no duty to verify the identity or authority of the Person giving such notice, unless such action or omission would amount to gross negligence or intentional misconduct.

Section 8.4. Survival of This Agreement. All covenants, agreements, representations and warranties made in this Agreement shall survive the extension by the Owner Representative and any other Person of the Commitment and shall continue in full force and effect so long as the Commitment shall be unexpired or any sums drawn or due thereunder or any other obligations shall be outstanding and unpaid, regardless of any investigation made by any Person and so long as any amount payable hereunder remains unpaid. The agreement of the Authority to indemnify the Underwriter, the Purchaser, the Credit Protection Provider, the Owner Representative, each Owner and each Indemnitee under Section 4.2 hereof shall continue in full force and effect notwithstanding a termination of the Commitment or the fulfillment of all Obligations. The obligations of the Authority under Sections 4.3 and 2.3 hereof shall also continue in full force and effect notwithstanding a termination of the Commitment or the fulfillment of all Obligations. Whenever in this Agreement the Owner Representative and/or Purchaser is referred to, such reference shall be deemed to include the successors and assigns of the Owner Representative and/or Purchaser and all covenants, promises and agreements by or on behalf of the Authority which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Owner Representative and Purchaser. The rights and duties of the Authority may not be assigned or transferred without the prior written consent of the Owner Representative and the Purchaser, and all obligations of the Authority hereunder shall continue in full force and effect notwithstanding any assignment by the Authority of any of its rights or obligations under any of the Related Documents or any entering into, or consent by the Authority to, any supplement or amendment to, or termination of, any of the Related Documents.

Section 8.5. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction. Upon such determination that any provision is prohibited, unenforceable or not authorized the Authority and the Owner Representative shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Authority and the Purchaser as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible.

Section 8.6. Governing Law; Jurisdiction and Venue. (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

(b) EACH OF PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA AND ANY COURT IN THE STATE OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST OR BY IT IN CONNECTION WITH THIS AGREEMENT OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RELATED THERETO, AND THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH CALIFORNIA STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. THE PARTIES AGREE THAT A FINAL NON-APPEALABLE JUDGMENT IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE AND AGREE NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THE RELATED DOCUMENTS OR THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS.

Section 8.7. Successors and Assigns.

(a) *Successors and Assigns Generally.* (i) This Agreement is a continuing obligation and shall be binding upon the Authority, its successors, transferees and assigns and shall inure to the benefit of the Owners and their respective permitted successors, transferees and assigns. RBCMPLLC, its successors and assignees, constitutes the Owner Representative hereunder and under the Related Documents unless and until a majority of the Owners give written notice to the Authority and the Trustee identifying any successor or assignee Owner Representative hereunder and under the other Related Documents and, *provided* that any such notice on its face establishes the requisite ownership of a majority of the aggregate principal amount of the Drawdown Bonds then Outstanding by the Owners identified therein, the Person designated in such notice as the Owner Representative will, upon delivery to the Authority and the Trustee of such notice, constitute the Owner Representative and will succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Owner Representative in the Related Documents. Any predecessor Owner Representative hereunder will be discharged from its duties and obligations hereunder and under the other Related Documents, *provided* that the predecessor Owner Representative will continue to be entitled to the benefits of Article II and Sections 4.1, 4.2 and 4.6 and of each other provision of any Related Document granting a right of indemnity or reimbursement in favor of the Owner Representative.

(ii) The Owner Representative may designate any nominee, designee or agent to act for and in the name of the Owner Representative by written notice to the Authority and the Trustee, and any such duly designated nominee, designee or agent will thereupon be empowered to act for

and on behalf of the Owner Representative and exercise the rights, powers, privileges and responsibilities of the Owner Representative in each of the Related Documents.

(b) *Sales and Transfers by an Owner to a Purchaser Transferee.* Without limitation of the foregoing generality, an Owner may at any time sell or otherwise transfer to one or more transferees all or a portion of the Drawdown Bonds to a Person that is (i) an Affiliate of the Owner or the Purchaser or (ii) a trust or other custodial arrangement established by the Owner or the Purchaser or an Affiliate of the Owner or the Purchaser, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act, or “accredited investors” as defined in Rule 501 of Regulation D under the 1933 Act (each, a “*Purchaser Transferee*”). From and after the date of such sale or transfer, RBCMPLL and its successors shall continue to have all of the rights of the Purchaser hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Purchaser hereunder, (B) the Authority and the Trustee shall be required to deal only with the Purchaser with respect to any matters under this Agreement and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Purchaser shall be entitled to enforce the provisions of this Agreement against the Authority.

Anything herein to the contrary notwithstanding, including without limitation Section 4.3 hereof, if any Purchaser Transferee shall incur increased costs or capital adequacy requirement as contemplated by Section 4.3 hereof, and such increased costs or capital adequacy requirements are greater than those that an original Owner and Credit Protection Provider would have incurred had it not sold or otherwise transferred all or a portion of the Drawdown Bonds to such Purchaser Transferee provided for in this Section 8.7(b), then the Authority shall not be obligated to pay to such Purchaser Transferee any portion of the cost greater than that which the Authority would have paid under the provisions of Section 4.3 hereof had such original Owner and Credit Protection Provider not sold or otherwise transferred all or a portion of the Drawdown Bonds to a Purchaser Transferee.

(c) *Sales and Transfers by Bondholder to a Non-Purchaser Transferee.* Without limitation of the foregoing generality, an Owner may at any time sell or otherwise transfer to one or more transferees which are not Purchaser Transferees but each of which constitutes a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act or an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act (each a “*Non-Purchaser Transferee*”) all or a portion of the Drawdown Bonds if written notice of such sale or transfer, including that such sale or transfer is to a Non-Purchaser Transferee, together with addresses and related information with respect to the Non-Purchaser Transferee, shall have been given to the Authority, the Trustee and the Purchaser (if different than the Owner) by such selling Owner and Non-Purchaser Transferee.

From and after the date the Authority, the Trustee and the selling Owner have received written notice, (A) the Non-Purchaser Transferee thereunder shall be a party hereto and shall have the rights and obligations of an Owner hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent,

necessary to effect the addition of the Non-Purchaser Transferee, and any reference to the assigning Owner hereunder and under the other Related Documents shall thereafter refer to such transferring Owner and to the Non-Purchaser Transferee to the extent of their respective interests, and (B) if the transferring Owner no longer owns any Drawdown Bonds, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents.

Anything herein to the contrary notwithstanding, including without limitation Section 4.3 hereof, if any Non-Purchaser Transferee shall incur increased costs or capital adequacy requirement as contemplated by Section 4.3 hereof, and such increased costs or capital adequacy requirements are greater than those that the selling Owner would have incurred had it not sold or otherwise transferred all or a portion of the Drawdown Bonds to such Non-Purchaser Transferee provided for in this Section 8.7(c), then the Authority shall not be obligated to pay to such Non-Purchaser Transferee any portion of the cost greater than that which the Authority would have paid under the provisions of Section 4.3 hereof had the selling Owner not sold or otherwise transferred all or a portion of the Drawdown Bonds to a Non-Purchaser Transferee.

(d) *Participations.* Each Owner shall have the right to grant participations in all or a portion of such Owner's interest in the Drawdown Bonds, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however,* that (i) no such participation by any such participant shall in any way affect the obligations of such Owner hereunder and (ii) the Authority and the Trustee shall be required to deal only with such Owner, with respect to any matters under this Agreement, the Drawdown Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Authority.

Anything herein to the contrary notwithstanding, including without limitation Section 4.3 hereof, if any Participant shall incur increased costs or capital adequacy requirements as contemplated by Section 4.3 hereof, and such increased costs or capital adequacy requirements are greater than those that such Owner would have incurred had it not granted a participation interest as provided for in this Section 8.7(d), then the Authority shall not be obligated to pay to such Participant any portion of the cost greater than that which the Authority would have paid under the provisions of Section 4.3 hereof had such Owner not granted such participation interest.

(e) *Certain Pledges.* Each Owner may at any time pledge or grant a security interest in all or any portion of its rights under the Drawdown Bonds, this Agreement and the Related Documents to secure obligations of such Owner, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release such Owner from any of its obligations hereunder or substitute any such pledgee or assignee for such Owner as a party hereto.

Section 8.8. No Setoff. Notwithstanding anything to the contrary contained herein, the Purchaser, any Participant and any Owner hereby agrees that it will not assert any of its statutory or common law rights of setoff as the depository bank of the Authority in connection with the collection or repayment of any of the Obligations or any other obligation of the Authority

owning to the Purchaser, any Participant or any Owner under this Agreement or the other Related Documents.

Section 8.9. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 8.10. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, taken together, shall constitute but one and the same Agreement. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Section 8.11. Government Regulations. The Purchaser hereby notifies the Authority that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Owner Representative to identify the Authority in accordance with the Patriot Act. The Authority hereby agrees that it shall promptly provide such information upon request by the Owner Representative.

The Authority hereby represents and warrants and covenants and agrees (a) that it is not and shall not be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by OFAC, the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Purchaser from purchasing the Drawdown Bonds or the Underwriter from making any Purchases or Drawings or the Purchaser from making any advance or extension of credit to the Authority or from otherwise conducting business with the Authority and (b) to ensure that the proceeds of the Drawdown Bonds, Purchases or Drawings shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

Section 8.12. No Fiduciary Relationship. The Authority acknowledges and agrees that its dealing with the Underwriter, the Purchaser, Owner Representative and each Owner are solely in

the nature of a debtor/creditor relationship and that in no event shall any of the Underwriter, the Purchaser, the Owner Representative or any Owner be considered to be a partner or joint venturer of the Authority. Also, the Authority represents and warrants that it has independently evaluated the business transaction and has not relied upon, nor will it rely upon, the expertise, advice or other comments or statements of any of the Underwriter, the Purchaser, the Owner Representative or any Owner (including agents of any of the Underwriter, the Purchaser, the Owner Representative or such Owner), if any, in deciding to pursue such undertaking. As the Authority is experienced in business, in no event shall any of the Underwriter, the Purchaser, the Owner Representative or any Owner owe any fiduciary or similar obligations to it in connection with the subject transaction.

In connection with all aspects of the Transactions (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Authority acknowledges and agrees that: (a)(i) the Underwriter, the Purchaser, the Owner Representative or any Owner or any of their respective Affiliates may have an ownership interest in secondary market securities of which the Drawdown Bonds form the underlying asset; (ii) the arranging, structuring and other services regarding this Agreement provided by the Underwriter and the Purchaser are arm's-length commercial transactions between the Authority and its Affiliates, on the one hand, and the Underwriter and the Purchaser and their respective Affiliates, on the other hand; (iii) the Authority has consulted its own legal, financial or other advisors with respect to the Transactions to the extent it has deemed appropriate; and (iv) the Authority is capable of evaluating, and understands and accepts, the terms, risks and conditions of the Transactions; (b)(i) each of the Underwriter and the Purchaser are and have been acting solely as a principal and have not been, are not, and will not be acting as a municipal advisor (as defined in Section 15B(e)(4) of the Securities Exchange Act of 1934, as amended), or agent, advisor or fiduciary for the Authority with respect to the Transactions (whether or not the Underwriter and the Purchaser and their respective Affiliates have advised or is currently advising the Authority on other matters); and (ii) neither the Underwriter, the Purchaser nor any of their respective Affiliates have any obligation to the Authority with respect to the Transactions, except those obligations expressly set forth herein and the other Related Documents; and (c) the Underwriter and the Purchaser and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Authority and neither the Underwriter, the Purchaser nor any of their respective Affiliates has any obligation to disclose any of such interests to the Authority.

Section 8.13. Entire Agreement. The Related Documents constitute the entire understanding and agreement between the Authority and the Purchaser with respect to the Transactions and the Drawdown Bonds and supersede all prior or contemporaneous written or oral understandings, courses of dealing and agreements between the Authority and the Purchaser with respect to the matters addressed in the Related Documents. In particular, and without limitation, the Related Documents supersede any commitment by the Purchaser to extend credit to the Authority or to purchase the Drawdown Bonds, and all such agreements or commitments are merged into the Related Documents. Except as incorporated in writing into the Related Documents, there are no representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Related Documents.

Section 8.14. Parties in Interest. Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the Authority, the Purchaser and the Owner Representative any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto. Notwithstanding the foregoing, it is understood and agreed that each Owner is an express and intended third-party beneficiary of this Agreement and each Indemnatee is an intended beneficiary of Section 4.2 hereof, that the benefits of this Agreement or Section 4.2 hereof are conferred upon each Owner and each Indemnatee, respectively, and that the Owner Representative shall exercise and enforce each right, covenant, remedy or other provision hereof on behalf of the Owners or the Indemnitees.

Section 8.15. Reinstatement. To the extent that the Owner Representative or any Owner receives any payment from or on behalf of the Authority which payment or any part thereof is subsequently

- (a) invalidated;
- (b) declared to constitute a fraudulent conveyance or preferential transfer;
- (c) set aside; or
- (d) required to be repaid (including pursuant to any settlement entered into by the Owner Representative or any Owner in its discretion) to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause;

(collectively, “*Set Aside*”), then, to the extent of any such Set Aside, the obligations or part thereof intended to be satisfied shall be revived and reinstated and shall continue in full force and effect as if such payment had not been received by the Owner Representative or such Owner or such Set Aside had not occurred.

[Section 8.16. *Standard of Conduct by Owner Representative; Liability of Owner Representative.* (a) Nothing contained in any Related Documents limits the right of the Purchaser, the Owner Representative or any Owner to exercise its business judgment or to act, in the context of the granting or withholding of any consent under any of the Related Documents, in a subjective manner, whether or not objectively reasonable under the circumstances, so long as the Owner Representative’s or such Owner’s exercise of its business judgment or action is made or undertaken in good faith. The Authority intends by the foregoing to set forth and affirm the entire understanding with respect to the standard pursuant to which the Owner Representative’s or any Owner’s duties and obligations are to be judged and the parameters within which the Owner Representative’s or any Owner’s discretion may be exercised hereunder and under the other Related Documents. As used herein, “good faith” means honesty in fact in the conduct and transaction concerned.

(b) The Authority hereby unconditionally and irrevocably releases and discharges the Purchaser, the Owner Representative and each Owner and each of their respective Affiliates and the officers, directors, employees and agents of each of them from any liability or responsibility for any of the following: (i) any use that may be made of the proceeds of the Drawdown Bonds or any acts or omissions of the Trustee or any other Person in connection with the issuance of the Drawdown Bonds or the use of the proceeds of the Drawdown Bonds; (ii) any of the acts, omissions, agreements, circumstances and conditions covered by the indemnification provided in Sections 4.1 and 4.2 hereof; (iii) any act or omission of the Purchaser, the Owner Representative or any Owner; and (iv) any other circumstance whatsoever in connection with the Transactions or the exercise by the Purchaser, the Owner Representative or any Owner of any of its rights under any of the Related Documents; *provided* that the Authority shall have a claim against the Purchaser, the Owner Representative or such Owner, and the Purchaser, the Owner Representative or such Owner shall be liable to the Authority to the extent, but only to the extent, of any direct, actual damages, but expressly not for any lost profits or any consequential, special, indirect or punitive damages (the right to recover or receive lost profits, consequential, special, indirect or punitive damages being hereby waived), suffered by the Authority and not required to be mitigated by the Authority under applicable Law, which direct, actual damages are determined by a final and non-appealable judgment of a court of competent jurisdiction to have been directly caused by the Purchaser's, the Owner Representative's or such Owner's willful misconduct or gross negligence in connection with the administration of this Agreement.]

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
[Name]
[Title]

Attest:

By: _____
[Name]
[Title]

Approved as to form:

By: _____
[Name]
General Counsel

[SIGNATURES CONTINUED ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first written above.

RBC MUNICIPAL PRODUCTS, LLC

By: _____

Name: _____

Title: _____

EXHIBIT A

[FORM OF NOTICE OF TERMINATION OR REDUCTION]

NOTICE OF TERMINATION OR REDUCTION

[Date]

RBC Municipal Products, LLC
100 Second Avenue South, Suite 800
St. Petersburg, Florida 33701-4337
Attention: Thomas Carlson
Telephone: (727) 895-8899
Facsimile: (727) 895-8895
Email: thomas.carlson@rbccm.com

Royal Bank of Canada
Corporate Banking
Three World Financial Center, 12th Floor
200 Vesey Street
New York, NY 10281-8098
Attention: Stephanie Gordon
Telephone: (212) 618-7501
Facsimile: _____
Email: stephanie.gordon@rbccm.com

and

attention: Joseph Hussman
Facsimile: (212) 642-2490
Email: joseph.huesman@rbccm.com
and:
Email: transactionreviewsub@rbccm.com

Credit Transaction Management – Compliance
Royal Bank of Canada
200 Bay Street, South Tower, 12th Floor RBPS 12
Toronto, Ontario M5J 2J5, Canada
Attention: Kamal Grover
Facsimile: (416) 842-4020
Email: managercompliance-ctm@rbccm.com
and
transactionreviewsub@rbccm.com

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services
Telephone: 213.615.6023
Facsimile: 213.615.6197

Ladies and Gentlemen:

Re: San Diego County Regional Airport Authority
Subordinate Airport Revenue Drawdown Bonds

The San Diego County Regional Airport Authority (the “*Authority*”), through its undersigned, an Authorized Representative, hereby notifies RBC Capital Markets, LLC (the “*Underwriter*”) and RBC MUNICIPAL PRODUCTS, LLC, as initial purchaser (“*RBCMPLLC*” and the “*Purchaser*”), with reference to the Bond Purchase Agreement dated _____, 2017 and

the Bondholder's Agreement dated as of _____, 2017 (together with any amendments or supplements thereto, the "*Agreement*"), by and between the Authority and the Purchaser (the terms defined therein and not otherwise defined herein being used herein as therein defined):

[(1) The Authority hereby informs you that the Commitment Amount is terminated in accordance with the Agreement, such termination to be effective on _____.]

OR

[(1) The Authority hereby informs you that the Commitment Amount is reduced from [insert amount as of the date of Certificate] to [insert new amount], such reduction to be effective on _____.]

IN WITNESS WHEREOF, the Authority has executed and delivered this Notice this _____
day of _____, _____.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____

Name: _____

Title: _____

FOURTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Relating to

\$100,000,000
San Diego County Regional Airport Authority
Subordinate Airport Revenue Drawdown Bonds
Series A (Non-AMT)
Series B (AMT)

Dated as of [_____] 1, 2017

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FOURTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE

THIS FOURTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE (this “*Fourth Supplemental Subordinate Indenture*”), dated as of [_____] 1, 2017, is made by and between the **SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**, a local government entity of regional government created pursuant to laws of the State of California (the “*Authority*”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “*Trustee*”), and supplements the Master Subordinate Trust Indenture, dated as of September 1, 2007 (the “*Master Subordinate Indenture*”), by and between the Authority and the Trustee.

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

WHEREAS, the Authority desires to implement a short-term borrowing program pursuant to the provisions of the Master Subordinate Indenture; and

WHEREAS, the Authority now, for the purpose of providing money to finance and refinance certain capital improvements to the Airport System (as defined in the Master Subordinate Indenture) and for other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority), by execution and delivery of this Fourth Supplemental Subordinate Indenture and in compliance with the provisions of the Master Subordinate Indenture, sets forth the terms of its San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series A (Non-AMT) (the “*Non-AMT Drawdown Bonds*”), and its San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series B (AMT) (the “*AMT Drawdown Bonds*,” and together with the Non-AMT Drawdown Bonds, the “*Drawdown Bonds*”), provides for the deposit and use of the proceeds of the Drawdown Bonds, and makes other provisions relating to the Drawdown Bonds;

WHEREAS, the Drawdown Bonds shall be issued, from time to time, in two Series (the AMT Drawdown Bonds and the Non-AMT Drawdown Bonds) and one or more Subseries as determined by the Authority, and no more than \$100,000,000 in aggregate principal amount of Drawdown Bonds shall be Outstanding (as hereinafter defined) at any one time; and

WHEREAS, the Drawdown Bonds are being issued as Subordinate Obligations as provided in Section 2.09 of the Master Subordinate Indenture.

GRANTING CLAUSE

In order to secure the payment of the Drawdown Bonds and the Obligations, the Authority hereby pledges, assigns and grants to the holders of the Drawdown Bonds and the payees (or their respective assignees) of the Obligations all of the liens, rights, interests and

privileges set forth in the Granting Clause of, and elsewhere in, the Master Subordinate Indenture.

ARTICLE I

DEFINITIONS; INTERPRETATIONS

Section 1.01. Definitions. The following definitions shall apply to terms used in this Fourth Supplemental Subordinate Indenture unless the context clearly requires otherwise. Capitalized terms not otherwise defined in this Section 1.01 or elsewhere in this Fourth Supplemental Subordinate Indenture shall have the same meanings as set forth in the Master Subordinate Indenture.

“Additional Tax Certificate” means a tax compliance certificate or supplemental tax compliance certificate delivered in connection with one or more Drawings.

“Alternate Index” means, on any date of determination, LIBOR for such date; provided that if LIBOR for such date is less than 1.0% per annum, the Alternate Index shall be 100% of LIBOR as of such date; provided, further, that if LIBOR for such date is equal to or greater than 1.0% per annum, the Alternate Index for such date shall be 72% of LIBOR.

“Amortization End Date” has the meaning set forth in the Bondholder’s Agreement.

“Amortization Payment Date” has the meaning set forth in the Bondholder’s Agreement.

“Amortization Payments” has the meaning set forth in the Bondholder’s Agreement.

“Amortization Period” has the meaning set forth in the Bondholder’s Agreement.

“Amortization Period Interest Rate” has the meaning set forth in the Bondholder’s Agreement.

“AMT Debt Service Fund” means the Debt Service Fund of such designation established pursuant to Section 5.01 hereof and into which money is to be deposited to pay debt service on the AMT Drawdown Bonds.

“AMT Drawdown Bonds” means the San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series B (AMT), and each Subseries thereof. The initial Subseries of the AMT Drawdown Bonds shall be designated as San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Subseries B-1 (AMT), and any additionally Subseries will be sequentially designated.

“AMT Drawdown Rate” means a fluctuating rate per annum, determined as of each applicable Rate Reset Date, equal to the product of (x) the sum of (a) the AMT Spread plus (b) the SIFMA Index Rate, multiplied by (y) the Margin Rate Factor, as in effect on such Rate Reset Date (rounded to the second decimal place). The AMT Drawdown Rate shall equal the Default Rate in the event the Authority Rating assigned by Moody’s is below “Baa2” and/or the Authority Rating assigned by Fitch or S&P is below “BBB” or upon the occurrence of any other

Bondholder's Agreement Event of Default. The AMT Drawdown Rate shall be calculated by the Calculation Agent and provided to the Authority, the Purchaser and the Owner Representative.

"*AMT Project Account*" means the Account of such designation established in the Drawdown Bonds Construction Fund pursuant to Section 5.02 hereof and into which money is to be deposited to pay Costs of the AMT Projects.

"*AMT Projects*" means any undertaking, facility or item which is described in a Certificate provided by the Authority at the time of delivery of a Request for Purchase and/or a Request for Drawing and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of AMT Drawdown Bonds and which project satisfies the requirements of Section 142 of the Code and of the Tax Certificate for an AMT Project.

"*AMT Spread*" means, initially 64 basis points (0.64%), which is subject to maintenance of the Authority Rating under Level I set forth in the schedule below. In the event of a change in the Authority Rating, the AMT Spread shall equal the number of basis points set forth in the Level associated with the lowest Authority Rating as set forth in the schedule below:

| | Authority Rating | | | AMT Spread basis points (%) |
|-----------|------------------|------------|------------|--------------------------------|
| | Moody's | S&P | Fitch | |
| Level I | A2 or above | A or above | A or above | 64 bps (0.64%) |
| Level II | A3 | A- | A- | 75 bps (0.75%) |
| Level III | Baa1 | BBB+ | BBB+ | 110 bps (1.10%) |
| Level IV | Baa2 | BBB | BBB | 120 bps (1.20%) |
| Level V | Below Baa2 | Below BBB | Below BBB | Default Rate |

Any change in the AMT Spread resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating by the applicable Rating Agency. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a "global" rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. Upon the occurrence of and during the continuance of a Bondholder's Agreement Event of Default (including without limitation an Event of Default under Section 7.1(h) thereof), the interest rate on the AMT Drawdown Bonds shall increase to the Default Rate, without notice to the Authority. The Authority acknowledges that as of the Effective Date the AMT Spread is that specified above for Level I.

As provided in Section 8.03 hereof, the Authority shall provide notice to the Trustee, the Owner Representative, the Purchaser and the Underwriter of any change to the Authority Rating.

"*Authority Rating*" has the meaning set forth in the Bondholder's Agreement.

“*Authorized Denominations*” means \$100,000, and any integral multiples of \$5,000 in excess of \$100,000.

“*Authorizing Resolution*” means Resolution No. 2017-[____] adopted by the Board on April 6, 2017.

“*Available Commitment*” means, on any date, an amount equal to the Commitment Amount and thereafter such amount adjusted from time to time as follows: (a) downward in an amount equal to the principal amount of any Drawing made pursuant to the terms hereof; (b) upward in an amount equal to the principal amount of any Drawdown Bond repaid (but not redeemed) by the Authority pursuant to the terms of Section 4.06 hereof; and (c) downward to zero upon the expiration or termination of the Commitment Amount in accordance with the terms hereof and the terms of the Bond Purchase Agreement and the Bondholder’s Agreement; provided, that, after giving effect to any of the foregoing adjustments, the Available Commitment shall never exceed the Commitment Amount at any one time.

“*Beneficial Owner*” a person in whose name a Drawdown Bond is recorded as beneficial owner of such Drawdown Bond by DTC or a Participant on its records, or such person’s subrogee.

“*Bondholder’s Agreement*” means the Bondholder’s Agreement, dated as of [_____] 1, 2017, by and between the Authority and the Purchaser, as amended, supplemented, modified or restated from time to time.

“*Bondholder’s Agreement Event of Default*” has the meaning set forth in the Bondholder’s Agreement.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement, dated [_____] 2017, by and between the Authority and the Underwriter, as amended, supplemented, modified or restated from time to time.

“*Book-Entry Bonds*” means the Drawdown Bonds held by DTC (or its nominee) as the registered Holder thereof pursuant to the terms and provisions of Section 3.02 hereof.

“*Business Day*” means any day other than (a) a Saturday or Sunday, (b) a day on which banks in the State of California or New York, New York or in the city in which the principal corporate trust office of the Trustee is located are required or authorized by law to be closed, (c) a day on which the Purchaser or the Calculation Agent is required or authorized by law to be closed; (d) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed; or (e) a day on which the office of the Underwriter or the Purchaser at which requests for draws are to be presented is authorized or obligated by law or executive order to be closed and is, in fact, closed.

“*Calculation Agent*” means the Trustee or such other party appointed by the Authority with the consent of the Purchaser.

“*Cede & Co.*” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Drawdown Bonds.

“Commitment Amount” has the meaning set forth in the Bondholder’s Agreement.

“Commitment End Date” has the meaning set forth in the Bondholder’s Agreement.

“Credit Protection Provider” has the meaning set forth in the Bondholder’s Agreement.

“Default Rate” has the meaning set forth in the Bondholder’s Agreement.

“Designated Representative” means those individuals appointed as Designated Representatives under the Authorizing Resolution and any other resolution of the Board to complete and deliver a Request for Purchase or a Request for Drawing and to perform other duties set forth in this Fourth Supplemental Subordinate Indenture and the other Related Documents.

“Drawdown Bonds” means, collectively, the AMT Drawdown Bonds and the Non-AMT Drawdown Bonds.

“Drawdown Bonds Construction Fund” means the Construction Fund of such designation established pursuant to Section 5.02 hereof and into which money is to be deposited to pay Costs of the AMT Projects and the Non-AMT Projects.

“Drawdown Bonds Rebate Fund” means the Fund of such designation established pursuant to Section 7.01 hereof and the Tax Certificate.

“Drawdown Rate” means the AMT Drawdown Rate or the Non-AMT Drawdown Rate, as applicable.

“Drawing” means each installment of principal and, if such Drawing (except the initial Drawing) is on a date other than an Interest Payment Date, accrued interest thereon from the most recent Interest Payment Date, advanced by the Underwriter with respect to a Drawdown Bond pursuant to the terms of the Bond Purchase Agreement.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Effective Date” has the meaning set forth in the Bondholder’s Agreement.

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

“Fourth Supplemental Subordinate Indenture” means this Fourth Supplemental Subordinate Trust Indenture, dated as of [_____] 1, 2017, by and between the Authority and the Trustee, which, among other things, sets forth the terms of the Drawdown Bonds.

“Initial Amortization Payment Date” has the meaning set forth in the Bondholder’s Agreement.

“Interest Accrual Period” means, initially, the period commencing on the date the initial Drawing under the applicable Drawdown Bond is advanced to the Authority by the Underwriter pursuant to the terms of the Bond Purchase Agreement and ending on and not including the first Thursday thereafter, and thereafter shall mean the period from (and including) Thursday of each week to (but not including) the Thursday of the following week (or, if sooner, to but not including the Commitment End Date).

“Interest Payment Date” means the first Business Day of each month.

“Law” has the meaning set forth in the Bondholder’s Agreement.

“LIBOR” means, for each day, the rate of interest, quoted by the ICE Benchmark Administration Limited (or any successor as approved by the Purchaser, each an *“Alternate LIBOR Source”*) at approximately 11:00 a.m., London, England time, on such day, relating to quotations for the one month London Interbank Offered Rate on U.S. Dollar deposits as published on Bloomberg LP (or any successor to, or replacement of, Bloomberg LP as approved by the Purchaser, each an *“Approved Bloomberg Successor”*), all as determined by the Purchaser for purposes of this Fourth Supplemental Subordinate Indenture. If LIBOR is no longer published on Bloomberg LP (or any Approved Bloomberg Successor), LIBOR shall be determined in good faith by the Purchaser from such other sources as it shall determine to be comparable to Bloomberg LP (or any Approved Bloomberg Successor). Each determination by the Purchaser of LIBOR shall be binding and conclusive in the absence of manifest error. If such rate is not available at such time for any reason, then the rate for that day will be determined by such alternate method as commercially reasonably selected by the Purchaser. In the event LIBOR is less than zero, LIBOR shall be deemed to be zero for purposes of this Fourth Supplemental Subordinate Indenture.

“Margin Rate Factor” means the greater of (a) 1.0 and (b) the product of (i) 1.0 minus the Maximum Federal Corporate Tax Rate multiplied by (ii) 1.53846. The effective date of any change in the Margin Rate Factor shall be the effective date of the decrease or increase (as applicable) in the Maximum Federal Corporate Tax Rate resulting in such change. As of the Effective Date the Margin Rate Factor is 1.0.

“Master Subordinate Indenture” means the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended, modified or restated from time to time, between the Authority and the Trustee under which the Drawdown Bonds are authorized and secured.

“Maximum Federal Corporate Tax Rate” means the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect from time to time (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to Royal Bank of Canada, the maximum statutory rate of federal income taxation which could apply to Royal Bank of Canada). As of the Effective Date, the Maximum Federal Corporate Tax Rate is 35%. As provided in Section 8.03 hereof, [the Owner Representative] shall provide notice to the Trustee of any change to the Maximum Federal Corporate Tax Rate.

“Maximum Interest Rate” has the meaning set forth in the Bondholder’s Agreement.

“*Non-AMT Debt Service Fund*” means the Debt Service Fund of such designation established pursuant to Section 5.01 hereof and into which money is to be deposited to pay debt service on the Non-AMT Drawdown Bonds.

“*Non-AMT Drawdown Bonds*” means the San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series A (Non-AMT), and each Subseries thereof. The initial Subseries of the Non-AMT Drawdown Bonds shall be designated as San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Subseries A-1 (Non-AMT), and any additionally Subseries will be sequentially designated.

“*Non-AMT Drawdown Rate*” means a fluctuating rate per annum, determined as of each applicable Rate Reset Date, equal to the product of (x) the sum of (a) the Non-AMT Spread plus (b) the SIFMA Index Rate, multiplied by (y) the Margin Rate Factor, as in effect on such Rate Reset Date (rounded to the second decimal place). The Non-AMT Drawdown Rate shall equal the Default Rate in the event the Authority Rating assigned by Moody’s is below “Baa2” and/or the Authority Rating assigned by Fitch or S&P is below “BBB,” or upon the occurrence of any other Bondholder’s Agreement Event of Default. The Non-AMT Drawdown Rate shall be calculated by the Calculation Agent and provided to the Authority, the Purchaser and the Owner Representative.

“*Non-AMT Project Account*” means the Account of such designation established in the Drawdown Bonds Construction Fund pursuant to Section 5.02 hereof and into which money is to be deposited to pay Costs of the Non-AMT Projects.

“*Non-AMT Projects*” means any undertaking, facility or item which is described in a Certificate provided by the Authority at the time of delivery of a Request for Purchase and/or Request for Drawing and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of Non-AMT Drawdown Bonds and/or AMT Drawdown Bonds and which project satisfies the requirements of Section 141 of the Code and of the Tax Certificate for a Non-AMT Project.

“*Non-AMT Spread*” means, initially 57 basis points (0.57%), which is subject to maintenance of the Authority Rating under Level I set forth in the schedule below. In the event of a change in the Authority Rating, the Non-AMT Spread shall equal the number of basis points set forth in the Level associated with the lowest Authority Rating as set forth in the schedule below:

| | Authority Rating | | | Non-AMT Spread basis points (%) |
|-----------|------------------|------------|------------|------------------------------------|
| | Moody’s | S&P | Fitch | |
| Level I | A2 or above | A or above | A or above | 57 bps (0.57%) |
| Level II | A3 | A- | A- | 65 bps (0.65%) |
| Level III | Baa1 | BBB+ | BBB+ | 90 bps (0.90%) |
| Level IV | Baa2 | BBB | BBB | 115 bps (1.15%) |
| Level V | Below Baa2 | Below BBB | Below BBB | Default Rate |

Any change in the Non-AMT Spread resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating by the applicable Rating Agency. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a “global” rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. Upon the occurrence of and during the continuance of a Bondholder’s Agreement Event of Default (including without limitation an Event of Default under Section 7.1(h) thereof), the interest rate on the Non-AMT Drawdown Bonds shall increase to the Default Rate, without notice to the Authority. The Authority acknowledges that as of the Effective Date the Non-AMT Spread is that specified above for Level 1.

As provided in Section 8.03 hereof, the Authority shall provide notice to the Trustee, the Owner Representative, the Purchaser and the Underwriter of any change to the Authority Rating.

“*Obligations*” has the meaning set forth in the Bondholder’s Agreement.

“*Opinion of Bond Counsel*” means a written opinion of Bond Counsel.

“*Outstanding*,” for purposes of this Fourth Supplemental Subordinate Indenture, means the unpaid principal amount of any Drawings.

“*Owner Representative*” has the meaning set forth in the Bondholder’s Agreement.

“*Participant*” means a participant of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

“*Paying Agent*,” for purposes of this Fourth Supplemental Subordinate Indenture, means the Trustee, or any other institution appointed by the Authority.

“*PFC Resolution*” means, Resolution No. 2010-0088 adopted by the Board on August 23, 2010, as it may be amended or supplemented from time to time.

“*Purchaser*” means RBC Municipal Products, LLC, as initial Beneficial Owner of the Drawdown Bonds, and its successors, assignees, designees and nominees under the Bondholder’s Agreement and any Trust.

“*Rate Reset Date*” means each Wednesday preceding the first day of an Interest Accrual Period with respect thereto and, if such is not a Business Day, the next succeeding Business Day; provided, however, that the initial Rate Reset Date for a Drawdown Bonds shall be the Wednesday preceding the date the initial Drawing under such Drawdown Bond is advanced to the Authority by the Underwriter pursuant to the terms of the Bond Purchase Agreement.

“*Rating Agency*” has the meaning set forth in the Bondholder’s Agreement.

“Record Date” means the Business Day immediately preceding an Interest Payment Date.

“Redemption Date” means the date on which the Drawdown Bonds shall be redeemed (whether by optional redemption, mandatory sinking fund redemption, or otherwise) pursuant to this Fourth Supplemental Subordinate Indenture.

“Redemption Price” means the principal amount of Drawdown Bonds to be redeemed plus interest accrued at the applicable interest rate, payable upon redemption thereof pursuant to this Fourth Supplemental Subordinate Indenture.

“Registrar” for purposes of this Fourth Supplemental Subordinate Indenture, means the Trustee.

“Related Documents” has the meaning set forth in the Bondholder’s Agreement.

“Repayment Date” means the date on which all or any portion of the principal amount of a Drawing shall be repaid pursuant to Section 4.06 hereof.

“Repayment Price” means the principal amount of a Drawing to be repaid pursuant to Section 4.06 hereof, plus accrued and unpaid interest thereon.

“Representation Letter” means the Blanket Issuer Letter of Representations dated October 20, 2005 from the Authority to DTC.

“Request for Drawing” has the meaning set forth in the Bondholder’s Agreement.

“Request for Purchase” has the meaning set forth in the Bondholder’s Agreement.

“Schedule of Drawings, Repayments and Redemptions” means the schedule attached to each Drawdown Bond reflecting the date and amount of each Drawing and each repayment and redemption made by the Authority and the principal amount of such Drawdown Bond Outstanding.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, New York, New York 10041, Telephone: (212) 855-1000, Facsimile: (212) 855-7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a certificate of the Authority delivered to the Trustee.

“SIFMA Index” means, for each Interest Accrual Period, the SIFMA Municipal Swap Index (a weekly, high-grade market index comprised of seven (7) day tax-exempt, variable rate demand notes produced by Municipal Market Data) in effect on the respective Rate Reset Date. If the SIFMA Index or a successor equivalent index is no longer calculated and published by Municipal Market Data in its current form, then the SIFMA Index shall be replaced by the Alternate Index.

“SIFMA Index Rate” means, for each Interest Accrual Period, the interest rate reported on the SIFMA Index on the respective Rate Reset Date. If the interest rate reported on the SIFMA

Index is less than zero, the SIFMA Index Rate shall be deemed to be zero for purposes of this Fourth Supplemental Subordinate Indenture.

“*Subseries*” means each Subseries of the Drawdown Bonds as designated pursuant to the provisions of this Fourth Supplemental Indenture.

“*Taxable Date*” has the meaning set forth in the Bondholder’s Agreement.

“*Taxable Drawdown Rate*” has the meaning set forth in the Bondholder’s Agreement.

“*Tax Certificate*” means the Tax Compliance Certificate with respect to the Drawdown Bonds delivered by the Authority concurrently with this Fourth Supplemental Subordinate Indenture, as originally executed and as it may from time to time be amended or supplemental pursuant to its terms, and includes any Additional Tax Certificate.

“*Trust*” has the meaning set forth in the Bondholder’s Agreement.

“*Underwriter*” means RBC Capital Markets, LLC, as underwriter under the Bond Purchase Agreement.

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

Section 1.03. Content of Certificates and Opinions. Every certificate or opinion provided for in this Fourth Supplemental Subordinate Indenture with respect to compliance with any provision hereof or thereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement (i) that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter or (ii) that he or she had made or caused to be made his or her examination or investigation with respect to the subject matter in accordance with specified professional standards; and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or an independent consultant, unless such officer or staff member knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person’s certificate or opinion or representation may be based, as aforesaid, is erroneous.

The same officer of the Authority, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Fourth Supplemental Subordinate Indenture, but different officers, staff members, counsel, accountants or independent consultants may certify to different matters, respectively.

ARTICLE II

THE DRAWDOWN BONDS AND THE OTHER OBLIGATIONS

Section 2.01. Authorization of Drawdown Bonds. The Authority hereby authorizes the issuance of its Drawdown Bonds, subject to the provisions of the Bondholder's Agreement, the Bond Purchase Agreement and Section 2.02 hereof. The Drawdown Bonds shall be substantially in the form attached hereto as Exhibit A. Drawdown Bonds may be issued as either AMT Drawdown Bonds or Non-AMT Drawdown Bonds. The AMT Drawdown Bonds shall be designated as "San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series B (AMT)" and shall be issued in one or more Subseries; and the Non-AMT Drawdown Bonds shall be designated as "San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series A (Non-AMT)" and shall be issued in one or more Subseries. The Drawdown Bonds shall constitute Subordinate Obligations within the meaning of the Master Subordinate Indenture.

Section 2.02. Terms of Drawdown Bonds.

(a) **Issuance.** The AMT Drawdown Bonds shall be issued in one or more Subseries and in Authorized Denominations, and the Non-AMT Drawdown Bonds shall be issued in one or more Subseries and in Authorized Denominations. The initial Subseries of AMT Drawdown Bonds shall be designated as "San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Subseries B-1 (AMT)", and shall be issued in the calendar month of the first Drawing under such Subseries, shall be dated their date of issuance, and shall be issued in a maximum aggregate principal amount not to exceed \$100,000,000. The initial Subseries of Non-AMT Drawdown Bonds shall be designated as "San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Subseries A-1 (Non-AMT)", and shall be issued in the calendar month of the first Drawing under such Subseries, shall be dated their date of issuance, and shall be issued in a maximum aggregate principal amount not to exceed \$100,000,000. Each subsequent Subseries of Drawdown Bonds shall be further designated as may be determined by the Authority in the applicable Request for Purchase. The Authority shall only issue a Subseries of Drawdown Bonds upon satisfaction of the conditions set forth in the Bond Purchase Agreement (unless waived by the Underwriter in its sole discretion pursuant to the terms thereof) and the conditions set forth in Section 2.09 of the Master Subordinate Indenture.

(b) **Drawings.**

(i) Drawings shall be made on a Subseries of an AMT Drawdown Bond and on a Subseries of a Non-AMT Drawdown Bond in the manner and upon

the terms and conditions set forth in the Bond Purchase Agreement. The Authority may make a Drawing on a Subseries of a Drawdown Bond, repay such Drawing pursuant to Section 4.06 hereof and the Bond Purchase Agreement and make a subsequent Drawing on such Subseries under the terms and conditions set forth in this Fourth Supplemental Subordinate Indenture and the Bond Purchase Agreement; provided, however, that if a Subseries of Drawdown Bonds is redeemed pursuant to the provisions of Section 4.01 hereof, such Subseries shall be retired to the extent redeemed and the maximum aggregate principal amount of such Subseries shall be reduced accordingly.

(ii) None of the documents set forth in Section 2.09 of the Master Subordinate Indenture need be provided with respect to any Drawing subsequent to the Effective Date.

(iii) Drawings on AMT Drawdown Bonds may be made only if the Authority shall have obtained an Opinion of Bond Counsel, addressed to the Authority, the Underwriter and the Purchaser, to the effect that the interest on the applicable Drawing is excluded from gross income for federal income tax purposes. Drawings on Non-AMT Drawdown Bonds may be made only if the Authority shall have obtained an Opinion of Bond Counsel, addressed to the Authority, the Underwriter and the Purchaser, to the effect that the interest on the applicable Drawing is excluded from gross income for federal income tax purposes, and that the interest on such Drawing is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. At the Authority's option, after consultation with Bond Counsel, the Authority may obtain and deliver to the Underwriter and the Purchaser an opinion of Bond Counsel that relates to one or more Drawings under the Drawdown Bonds.

(iv) Other than the initial Drawing under a Subseries of Drawdown Bonds, Drawings shall be deemed to occur on the Interest Payment Date immediately preceding the Drawing. Interest with respect to a Drawing shall accrue from the date that the Drawing occurs or is deemed to occur in accordance with the prior sentence. Drawings on an Interest Payment Date will be drawn at the par amount thereof, in Authorized Denominations, and Drawings on a date other than an Interest Payment Date (except the initial Drawing under a Subseries of Drawdown Bonds) will be drawn at the par amount thereof, in Authorized Denominations, plus accrued interest thereon from the most recent Interest Payment Date.

(c) ***Maximum Principal Amount.*** The Drawdown Bonds shall not be issued such that the principal amount of all Outstanding Drawdown Bonds shall exceed the Commitment Amount. The aggregate principal amount of the Drawdown Bonds may be repaid and reborrowed. Interest shall accrue only on the principal amount of any Subseries of Drawdown Bonds that has been actually drawn by the Authority and not yet redeemed or repaid, as reflected on the Schedule of Drawings, Repayments and Redemption maintained by the Trustee.

(d) ***Date and Maturity Date.*** Each Subseries of Drawdown Bonds shall be dated their respective date of issuance, and each Subseries of Drawdown Bonds shall mature on the Amortization End Date, unless redeemed prior to the Amortization End Date.

(e) ***Interest Rate.***

(i) ***Before Commitment End Date.*** Before the Commitment End Date, the AMT Drawdown Bonds shall bear interest during each Interest Accrual Period at an interest rate equal to the AMT Drawdown Rate, and the Non-AMT Drawdown Bonds will bear interest during each Interest Accrual Period at an interest rate equal to the Non-AMT Drawdown Rate. Each Subseries of Drawdown Bonds shall only bear interest based on the principal amount of all Outstanding Drawings under such Subseries.

(ii) ***During the Amortization Period.*** During the Amortization Period, all Drawdown Bonds shall bear interest at the Amortization Period Interest Rate.

(iii) ***Bondholder's Agreement Event of Default [or Taxable Date].*** Upon the occurrence of any Bondholder's Agreement Event of Default [or a Taxable Date], all Drawdown Bonds shall immediately and automatically bear interest at the Default Rate [or the Taxable Drawdown Rate, as applicable].

(iv) ***Interest Accrual on Drawing.*** If, as provided in Section 2.02(b)(iv) hereof, interest on a Drawdown Bond bears interest from the immediately preceding Interest Payment Date, the Authority shall pay interest on the Drawdown Bonds on each Interest Payment Date for the interest accrued during the period commencing on the immediately preceding Interest Payment Date and ending on the day immediately preceding the Interest Payment Date on which such payment is due and payable.

(v) ***Calculations.*** All calculations of interest on the Drawdown Bonds shall be made by the Calculation Agent and shall be calculated on the basis of a 365/366-day year, as applicable, and actual days elapsed. The Calculation Agent shall provide all calculations of interest on the Drawdown Bonds to the Trustee (if the Trustee is not the Calculation Agent), the Authority, the Purchaser and the Owner Representative. The Calculation Agent shall also provide the AMT Drawdown Rate and the Non-AMT Drawdown Rate to floater@bloomberg.net and variable@bloomberg.net.

(vi) ***Maximum Interest Rate.*** Subject to Section 2.02(f) hereof, in no event may any Drawdown Bond bear interest in excess of the Maximum Interest Rate.

(f) ***Excess Interest.***

(i) If the amount of interest payable on any Drawdown Bonds for any period in accordance with the terms hereof exceeds the amount of interest that would be payable on such Drawdown Bond for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate.

(ii) Any interest that would have been due and payable on any Drawdown Bond by the Authority for any period but for the operation of the immediately preceding paragraph (A) shall accrue and be payable as provided in this paragraph (ii) and shall, after deducting any interest actually paid to the Owners during such period, constitute the “*Excess Interest Amount.*” If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount owing by the Authority to the Owners hereunder with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to the Owners of the entire Excess Interest Amount owed to them.

(iii) Notwithstanding the foregoing, on the date on which no Drawdown Bond remains unpaid, to the extent possible without violating applicable Laws, the Authority shall pay to the Owners an amount equal to any accrued and unpaid Excess Interest Amount owed to them.

(g) ***Payment of Drawdown Bonds and the Obligations.*** Principal of and interest on the Drawdown Bonds and the other Obligations will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money. The Authority covenants that it will duly and punctually pay or cause to be paid when due from Subordinate Net Revenues the principal of and interest on every Drawdown Bond and the other Obligations. Payment of the final principal payment (i.e., the final payment made on a Subseries of Drawdown Bonds on or prior to the Amortization End Date) of each Subseries of the Drawdown Bonds shall be made upon surrender of such Drawdown Bonds to the Trustee or its agent at its corporate trust office; provided that with respect to Drawdown Bonds which are Book-Entry Bonds, the Trustee shall make other arrangements for payment of principal as provided in the Representation Letter. Payment of interest on Drawdown Bonds which are not Book-Entry Bonds shall be paid by check of the Trustee mailed by first-class mail to the person who is the registered Owner thereof on the Record Date, and such payment shall be mailed to such Owner at his address as it appears on the registration books of the Registrar, provided, that Owners of \$1,000,000 or more in aggregate principal amount of Drawdown Bonds may arrange for payment by wire transfer of immediately available funds upon written request given to the Trustee at least one Business Day prior to the applicable Interest Payment Date. The payment of interest on Book-Entry Bonds shall be made as provided in Section 3.02 hereof with respect to all Drawdown Bonds and interest due and payable on any Interest Payment Date shall be paid to the person who is the registered Owner as of the Record Date.

If the principal amount of a Subseries is paid in full prior to the Commitment End Date (i.e., there are no Outstanding Drawings under such Subseries), such Subseries will be deemed to remain outstanding to and including the Amortization End Date; provided that such payment of the Drawdown Bond did not occur in connection with a redemption.

ARTICLE III

EXCHANGE OF DRAWDOWN BONDS; BOOK-ENTRY BONDS

Section 3.01. Exchange of Drawdown Bonds. Drawdown Bonds which are delivered to the Registrar for exchange may be exchanged for an equal total principal amount of the same Subseries of such Drawdown Bonds. The cost of printing Drawdown Bonds and any services rendered or expenses incurred by the Trustee or the Registrar in connection with any transfer or exchange shall be paid by the Authority. The Trustee or the Registrar may require the payment by the Holders requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer.

The Registrar will not, however, be required to transfer or exchange any such Drawdown Bond during the period established by the Registrar for selection of Drawdown Bonds for redemption or any Drawdown Bond which has been selected for redemption.

Section 3.02. Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section, the Holder of all of the Drawdown Bonds shall be DTC and the Drawdown Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal and Redemption Price of and interest on any Drawdown Bond registered in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. at the address indicated on the Record Date or special record date for Cede & Co. in the registration books of the Registrar.

(b) The Drawdown Bonds shall be initially issued in the form of separate single authenticated fully registered bond for each Subseries of the Drawdown Bonds. Upon initial issuance, the ownership of such Drawdown Bonds shall be registered in the registration books of the Registrar in the name of Cede & Co., as nominee of DTC. The Trustee, the Registrar and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Drawdown Bonds registered in its name for the purposes of paying the principal and Redemption Price of and interest on the Drawdown Bonds, selecting the Drawdown Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders under the Master Subordinate Indenture or this Fourth Supplemental Subordinate Indenture, registering the transfer of Drawdown Bonds, obtaining any consent or other action to be taken by Holders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the Authority shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Drawdown Bonds under or through DTC

or any Participant, or any other person which is not shown on the registration books as being a Holder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal and Redemption Price of or interest on the Drawdown Bonds; any notice which is permitted or required to be given to Holders under the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Drawdown Bonds; any consent given or other action taken by DTC as Holder; or any other purpose. The Trustee shall pay all principal and Redemption Price of and interest on the Drawdown Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State of California), and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal and Redemption Price of and interest on the Drawdown Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Drawdown Bond evidencing the obligation of the Authority to make payments of principal, Redemption Price and interest pursuant to the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Fourth Supplemental Subordinate Indenture shall refer to such new nominee of DTC.

(c) In the event the Authority determines that it is in the best interest of the beneficial owners that they be able to obtain Drawdown Bond certificates, and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify the Participants of the availability through DTC of Drawdown Bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange Drawdown Bond certificates as requested by DTC and any other Holders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Drawdown Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor Securities Depository), the Authority and the Trustee shall be obligated to deliver Drawdown Bond certificates as described in this Fourth Supplemental Subordinate Indenture. In the event Drawdown Bond certificates are issued, the provisions of the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal and Redemption Price of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Drawdown Bonds to any Participant having Drawdown Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Drawdown Bonds.

(d) Notwithstanding any other provision of the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture to the contrary, so long as any Drawdown Bond is registered in the name of Cede & Co., as nominee of DTC, all

payments with respect to the principal and Redemption Price of and interest on such Drawdown Bond and all notices with respect to such Drawdown Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Holders pursuant to the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Holders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Holder.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO: THE PAYMENT BY DTC, TO ANY PARTICIPANT OF THE PRINCIPAL AND REDEMPTION PRICE OF OR INTEREST ON THE DRAWDOWN BONDS; THE PROVIDING OF NOTICE TO PARTICIPANTS OR BENEFICIAL OWNERS; THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, OR ANY PARTICIPANT; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER OF THE DRAWDOWN BONDS.

Section 3.03. Transfers Outside Book-Entry System. In the event (a) the Securities Depository determines not to continue to act as securities depository for the Drawdown Bonds, or (b) the Authority determines that the Securities Depository shall no longer so act, and delivers a written certificate to the Trustee and the Securities Depository to that effect, then the Authority will discontinue the book-entry system with the Securities Depository. If the Authority determines to replace the Securities Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new, single, separate, fully registered Drawdown Bond for each Subseries of the Drawdown Bonds registered in the name of such successor or substitute qualified securities depository or its nominee or make such other arrangement acceptable to the Authority and the Securities Depository as are not inconsistent with the terms of the Master Subordinate Indenture or this Fourth Supplemental Subordinate Indenture. If the Authority fails to identify another qualified securities depository to replace the Securities Depository, then the Drawdown Bonds shall no longer be restricted to being registered in the Register in the name of the nominee of the Securities Depository, but shall be registered in such authorized denominations and names as the Securities Depository shall designate in accordance with the provisions of this Article III.

ARTICLE IV

REDEMPTION AND REPAYMENT OF DRAWDOWN BONDS

Section 4.01. Redemption Provisions.

(a) ***Optional Redemption of Drawdown Bonds.*** Each Subseries of Drawdown Bonds is subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part,

on any date at a Redemption Price equal to 100% of the principal amount of the Subseries to be redeemed plus accrued interest to the date fixed for redemption, without premium. The principal amount of any Subseries of Drawdown Bonds that is optionally redeemed may not be reborrowed.

(b) ***Mandatory Sinking Fund Redemption During an Amortization Period.***

During the Amortization Period, the Outstanding Drawdown Bonds shall be subject to mandatory redemption, commencing on the Initial Amortization Payment Date and on each succeeding Amortization Payment Date. Each Amortization Payment due on each Amortization Payment Date shall be in an amount as calculated pursuant to Section 2.1(e) of the Bondholder's Agreement. During the Amortization Period, the Redemption Price of the Drawdown Bonds shall be equal to the principal amount of the Drawdown Bonds to be redeemed on such date plus interest accrued to but excluding the Amortization Payment Date. During the Amortization Period, interest on Outstanding Drawdown Bonds shall accrue at the Amortization Period Interest Rate payable monthly in arrears on each Interest Payment Date. Any AMT Drawdown Bonds and Non-AMT Drawdown Bonds redeemed pursuant to this Section 4.01(b) shall be redeemed on a pro rata basis.

Section 4.02. Notice of Optional Redemption. If the Authority wishes that any Drawdown Bonds be optionally redeemed pursuant to the provision of this Fourth Supplemental Subordinate Indenture, the Authority will notify the Trustee of the Subseries of Drawdown Bonds being redeemed, the Redemption Date, the CUSIP number and the principal amount of the Subseries of Drawdown Bonds to be redeemed and other necessary particulars. The Authority will give notice to the Trustee at least twenty (20) days before the Redemption Date, provided that the Trustee may, at its option, waive such notice or accept notice at a later date. The Trustee shall give notice of redemption, in the name of the Authority, to the Holders affected by such optional redemption and the Owner Representative at least fifteen (15) days but not more than sixty (60) days before each Redemption Date, send such notice of redemption by first class mail (or with respect to Drawdown Bonds held by DTC via electronic means or an express delivery service for delivery on the next following Business Day) to each Holder of a Drawdown Bond to be redeemed. Each such notice shall be sent to the Holder's registered address.

Each notice of redemption shall specify the date of such notice; the Subseries and the CUSIP number(s) of each Drawdown Bond to be redeemed, if less than all Drawdown Bonds of a Subseries are called for redemption the numbers assigned to the Drawdown Bonds to be redeemed; the principal amount to be redeemed; the date of issuance of the Drawdown Bonds to be redeemed; the date fixed for redemption; the Redemption Price; the place or places of payment; the Trustee's name; that payment will be made upon presentation and surrender of the Drawdown Bonds to be redeemed; that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice; and that on and after said date interest thereon will cease to accrue.

The Authority may provide that, if at the time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Drawdown Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business one (1) Business Day prior to the scheduled Redemption Date, and such notice shall be

of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption shall be canceled and on such cancellation date notice shall be mailed to the Holders of such Drawdown Bonds to be redeemed in the manner provided in this Section.

Failure to give any required notice of redemption as to any particular Drawdown Bonds will not affect the validity of the call for redemption of any Drawdown Bonds in respect of which no failure occurs. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Drawdown Bonds called for redemption become due and payable on the date fixed for redemption at the applicable Redemption Price. In the event that funds are deposited with the Trustee sufficient for redemption, interest on the Drawdown Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

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

The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099
Attention: Call Notification
Facsimile: (212) 855-7232

Failure to give the notice described in the immediately preceding paragraph or any defect therein shall not in any manner affect the redemption of any Drawdown Bond.

Section 4.03. Drawdown Bonds Redeemed in Part. Upon surrender of a Drawdown Bond to be redeemed, in part only, the Trustee will authenticate for the Holder a new Drawdown Bond of the same Subseries and maturity date equal in principal amount to the unredeemed portion of the Drawdown Bond surrendered.

Section 4.04. Payment of Drawdown Bonds Called for Redemption. Upon surrender to the Trustee or the Trustee's agent, Drawdown Bonds called for redemption shall be paid at the Redemption Price stated in the notice.

Section 4.05. Effect of Redemption Call. On the date so designated for redemption, notice having been given in the manner and under the conditions provided herein and sufficient moneys for payment of the Redemption Price being held in trust to pay the Redemption Price, the Drawdown Bonds so called for redemption shall become and be due and payable on the Redemption Date, interest on such Drawdown Bonds shall cease to accrue from and after such Redemption Date, such Drawdown Bonds shall cease to be entitled to any lien, benefit or security under the Master Trust Indenture and this Fourth Supplemental Subordinate Indenture and the Holders of such Drawdown Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price.

Drawdown Bonds which have been duly called for redemption under the provisions of this Article IV and for the payment of the Redemption Price of which moneys shall be held in trust for the Holders of the Drawdown Bonds to be redeemed, all as provided in this Fourth Supplemental Subordinate Indenture, shall not be deemed to be Outstanding (as defined in the Master Subordinate Indenture) under the provisions of the Master Trust Indenture and this Fourth Supplemental Subordinate Indenture.

Section 4.06. Repayment of Drawdown Bonds.

(a) Upon five (5) Business Days written notice by the Authority to the Trustee, the Owner Representative and the Purchaser, each Subseries of Drawdown Bonds is subject to optional repayment by the Authority from any moneys that may be provided for such purpose, in whole or in part, in Authorized Denominations, on any date at a price equal to 100% of the principal being repaid, plus accrued interest, if any, to such Repayment Date, without premium. Upon the Purchaser's receipt of the Repayment Price, the Available Commitment shall be reinstated by the amount of such repayment; provided, however, that the Trustee shall not cancel or destroy any Subseries of Drawdown Bonds which has been repaid (but not redeemed) so long as any amount remains to be drawn under such Drawdown Bonds and such Subseries shall be deemed to not be retired.

(b) Upon repayment of any Subseries of Drawdown Bonds pursuant to this Section 4.06, the Outstanding amount of such Subseries shall be reduced by the amount of such repayment.

(c) If the principal amount of all Drawings of a Subseries of Drawdown Bonds are paid in full on or before the Commitment End Date (i.e., there are no Outstanding Drawings under such Subseries of Drawdown Bonds) but have not been redeemed, such Subseries of Drawdown Bonds will be deemed to not be retired unless and until, on the Amortization End Date, no Drawings under such Subseries are Outstanding or (ii) such Subseries are redeemed pursuant to this Article IV.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

Section 5.01. Creation of Debt Service Funds. The Authority hereby establishes the "San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds Series B (AMT) Debt Service Fund" (the "***AMT Debt Service Fund***") and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee. The AMT Debt Service Fund and each of the Accounts held therein shall be maintained by the Trustee in trust for the benefit of the Holders.

The Authority hereby establishes the "San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds Series A (Non-AMT) Debt Service Fund" (the "***Non-AMT Debt Service Fund***") and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee. The Non-AMT Debt Service Fund and each of

the Accounts held therein shall be maintained by the Trustee in trust for the benefit of the Holders.

Section 5.02. Creation of Drawdown Bonds Construction Fund. The Authority hereby establishes the “San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds Construction Fund” (the “*Drawdown Bonds Construction Fund*”) and therein an AMT Project Account and a Non-AMT Project Account, to be held by the Trustee. The Trustee shall establish within each AMT Project Account and Non-AMT Project Account a separate Subaccount for each Drawing to the extent proceeds of such Drawing are to be deposited in the AMT Project Account or the Non-AMT Project Account.

Section 5.03. Deposit of Proceeds of Drawdown Bonds. Except as otherwise provided in the following sentence, upon receipt from the Purchaser, the Authority shall transfer or cause to be transferred the proceeds from each Drawing to the Trustee immediately upon receipt thereof. The proceeds from each Drawing shall be applied by (a) the Trustee, at the direction of an Authorized Authority Representative, for deposit into the appropriate Account and/or Subaccount of the Drawdown Bonds Construction Fund, and expended therefor in accordance with the provisions of Section 5.04 hereof, and/or (b) the Authority for such other purposes as allowed by the Act and/or the Master Subordinate Indenture.

Section 5.04. Application of Moneys in the Drawdown Bonds Construction Fund.

(a) Except as provided in this Section 5.04, (i) moneys deposited in the AMT Project Account of the Drawdown Bonds Construction Fund shall be withdrawn from time to time as directed in writing by an Authorized Authority Representative solely to pay the Costs of AMT Projects and/or Non-AMT Projects and for such other purposes as allowed by the Act and/or the Master Subordinate Indenture, and (ii) moneys deposited in the Non-AMT Project Account of the Drawdown Bonds Construction Fund shall be withdrawn from time to time as directed in writing by an Authorized Authority Representative solely to pay the Costs of Non-AMT Projects and for such other purposes as allowed by the Act and/or the Master Subordinate Indenture.

(b) The Trustee shall make payments or disbursements from the Accounts and Subaccounts within the Drawdown Bonds Construction Fund upon receipt of a written requisition executed by an Authorized Authority Representative, in substantially the form attached as Exhibit B hereto, which requisition shall state, with respect to each amount requested thereby, (i) the Account and/or Subaccount from which such payment is to be made, (ii) the number of the requisition from such Account and/or Subaccount, (iii) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made, which may be the Authority in the case of reimbursement for costs theretofore paid by the Authority, (iv) the identity of the Project to which such payment corresponds, and (v) that the amounts requisitioned will be expended only in accordance with and subject to the limitations set forth in the Tax Certificate. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(c) Moneys held in the Drawdown Bonds Construction Fund shall be invested and reinvested as directed by the Authority in Permitted Investments. Earnings on the Drawdown Bonds Construction Fund shall be retained in the Drawdown Bonds Construction Fund.

(d) The completion of a Project shall be evidenced by the filing with the Trustee of a certificate of an Authorized Authority Representative stating either (i) the date of completion of the applicable Project and the amount, if any, required in the opinion of such Authorized Authority Representative for the payment of any remaining part of the Costs of such Project or (ii) that all amounts in the applicable Account and/or Subaccount of the Drawdown Bonds Construction Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the applicable Account and/or Subaccount of the Drawdown Bonds Construction Fund following the delivery of such certificate, or upon the determination of the Authority not to proceed with the applicable Project, may, at the determination of the Authority, be applied upon written requisition of an Authorized Authority Representative to any other lawful purpose designated in such requisition and for which purpose such proceeds may be used under the Act and the Master Subordinate Indenture. As a condition to the disbursement of funds from the AMT Project Account or the Non-AMT Project Account for a purpose other than those described in Section 5.04(a) hereof, there shall be delivered to the Trustee with the requisition an Opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Act and the Master Subordinate Indenture and that such use shall not result in the inclusion of interest on any Drawdown Bonds in gross income of the recipient thereof for federal income tax purposes (subject to the inclusion of any exception contained in the opinion delivered at the time of the original issuance of such Drawdown Bonds).

Section 5.05. Deposits Into the AMT Debt Service Fund; Use of the AMT Debt Service Fund.

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account of the AMT Debt Service Fund (i) amounts received from the Authority, as provided in the Master Subordinate Indenture, and (ii) any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges and any accrued interest received with respect to a Drawing under an AMT Drawdown Bond) deposited with the Trustee for deposit in the Interest Account of the AMT Debt Service Fund or transferred from other funds and accounts for deposit therein, to be used to pay interest on the AMT Drawdown Bonds. All amounts held at any time in the Interest Account of the AMT Debt Service Fund shall be (A) held on a priority basis for the ratable security and payment of interest due on the AMT Drawdown Bonds in accordance with their terms, and (B) used by the Trustee to pay the interest on the AMT Drawdown Bonds on each Interest Payment Date, each Amortization Payment Date and the Amortization End Date.

Earnings on any Passenger Facility Charges deposited in the Interest Account of the AMT Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Interest Account of the AMT Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on

the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Bondholder's Agreement Event of Default exists under the Bondholder's Agreement, in which event the earnings shall be retained in such Account.

(b) ***Principal Account.*** The Trustee shall deposit into the Principal Account of the AMT Debt Service Fund (i) amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay principal of the AMT Drawdown Bonds at maturity, and (ii) any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit into the Principal Account of the AMT Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Principal Account of the AMT Debt Service Fund shall be (A) held on a priority basis for the ratable security and payment of principal due on the AMT Drawdown Bonds in accordance with their terms, and (B) used by the Trustee to pay the principal of the AMT Drawdown Bonds (including principal payable in accordance with mandatory sinking fund redemption as described in Section 4.01(b) hereof) at such times and in such amounts as set forth in this Fourth Supplemental Subordinate Indenture and the Bondholder's Agreement.

Earnings on any Passenger Facility Charges deposited in the Principal Account of the AMT Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Principal Account of the AMT Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on or about July 15 of each Fiscal Year for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Bondholder's Agreement Event of Default exists under the Bondholder's Agreement, in which event the earnings shall be retained in such Account.

(c) ***Redemption Account.*** The Trustee shall deposit into the Redemption Account of the AMT Debt Service Fund amounts received from the Authority or from other sources to be used to pay the Redemption Price of the AMT Drawdown Bonds which are to be optionally redeemed in advance of their maturity. All amounts held at any time in the Redemption Account of the AMT Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of the Redemption Price of the AMT Drawdown Bonds in accordance with their terms, and (ii) used by the Trustee to pay the Redemption Price of the AMT Drawdown Bonds at such times and in such amounts in accordance with Section 4.01(a) hereof.

Earnings on amounts in the Redemption Account of the AMT Debt Service Fund shall be retained in such Account or, provided, no Event of Default exists under the Master Subordinate Indenture or a Bondholder's Agreement Event of Default exists under the Bondholder's Agreement, paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The AMT Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 5.06. Deposits Into the Non-AMT Debt Service Fund; Use of the Non-AMT Debt Service Fund.

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account of the Non-AMT Debt Service Fund (i) amounts received from the Authority, as provided in the Master Subordinate Indenture, and (ii) any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges and any accrued interest received with respect to a Drawing under a Non-AMT Drawdown Bond) deposited with the Trustee for deposit in the Interest Account of the Non-AMT Debt Service Fund or transferred from other funds and accounts for deposit therein, to be used to pay interest on the Non-AMT Drawdown Bonds. All amounts held at any time in the Interest Account of the Non-AMT Debt Service Fund shall be (A) held on a priority basis for the ratable security and payment of interest due on the Non-AMT Drawdown Bonds in accordance with their terms, and (B) used by the Trustee to pay the interest on the Non-AMT Drawdown Bonds on each Interest Payment Date, each Amortization Payment Date and the Amortization End Date.

Earnings on any Passenger Facility Charges deposited in the Interest Account of the Non-AMT Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Interest Account of the Non-AMT Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Bondholder's Agreement Event of Default exists under the Bondholder's Agreement, in which event the earnings shall be retained in such Account.

(b) ***Principal Account.*** The Trustee shall deposit into the Principal Account of the Non-AMT Debt Service Fund (i) amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay principal of the Non-AMT Drawdown Bonds at maturity, and (ii) any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit into the Principal Account of the Non-AMT Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Principal Account of the Non-AMT Debt Service Fund shall be (A) held on a priority basis for the ratable security and payment of principal due on the Non-AMT Drawdown Bonds in accordance with their terms, and (B) used by the Trustee to pay the principal of the Non-AMT Drawdown Bonds (including principal payable in accordance with mandatory sinking fund redemption as described in Section 4.01(b) hereof) at such times and in such amounts as set forth in this Fourth Supplemental Subordinate Indenture and the Bondholder's Agreement.

Earnings on any Passenger Facility Charges deposited in the Principal Account of the Non-AMT Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Principal Account of the Non-AMT Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on or about July 15 of each Fiscal Year for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a

Bondholder's Agreement Event of Default exists under the Bondholder's Agreement, in which event the earnings shall be retained in such Account.

(c) ***Redemption Account.*** The Trustee shall deposit into the Redemption Account of the Non-AMT Debt Service Fund amounts received from the Authority or from other sources to be used to pay the Redemption Price of the Non-AMT Drawdown Bonds which are to be optionally redeemed in advance of their maturity. All amounts held at any time in the Redemption Account of the Non-AMT Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of the Redemption Price of the Non-AMT Drawdown Bonds in accordance with their terms, and (ii) used by the Trustee to pay the Redemption Price of the Non-AMT Drawdown Bonds at such times and in such amounts in accordance with Section 4.01(a) hereof.

Earnings on amounts in the Redemption Account of the Non-AMT Debt Service Fund shall be retained in such Account or, provided, no Event of Default exists under the Master Subordinate Indenture or a Bondholder's Agreement Event of Default exists under the Bondholder's Agreement, paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The Non-AMT Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 5.07. Investment of Moneys in Funds, Accounts and Subaccounts. All moneys in any of the Funds, Accounts and Subaccounts held by the Trustee and established pursuant to this Fourth Supplemental Subordinate Indenture shall be invested solely in Permitted Investments maturing or available not later than the date on which it is estimated that such moneys will be required. In addition, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the Fund, Account or Subaccount from which such accrued interest was paid.

The Trustee may, subject to the terms of the Tax Certificate, commingle any of the moneys on deposit in any of the Funds, Accounts or Subaccounts established pursuant to this Fourth Supplemental Subordinate Indenture into a separate Fund, Account or Subaccount for investment purposes only, provided that all Funds, Accounts and Subaccounts held by the Trustee hereunder shall be accounted for separately as required by this Fourth Supplemental Subordinate Indenture. The Trustee may sell at the best price obtainable, or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Fund, Account or Subaccount to which such Permitted Investment is credited.

The Trustee shall keep or cause to be kept proper books of record and accounts containing complete and correct entries of all transactions made by each, respectively, relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Drawdown Bonds, including moneys derived from, pledged to, or to be used to make payments on the Drawdown Bonds. Such records shall specify the Fund, Account or Subaccount to which

each investment (or portion thereof) is to be allocated and shall set forth, in the case of each Permitted Investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition of disposition or maturity.

ARTICLE VI

PLEDGE AND PAYMENT

Section 6.01. Source of Payment for Drawdown Bonds and Obligations. The Drawdown Bonds and the Obligations are Subordinate Obligations and, as such, are special, limited obligations of the Authority secured by a pledge of and shall be a lien upon and shall be payable solely from the funds, assets and security described hereunder and under the Master Subordinate Indenture.

The Authority hereby pledges, places a lien upon and assigns Subordinate Net Revenues to secure the payment of (a) the principal of and interest on the Drawdown Bonds and (b) the payment of any Obligations in accordance with their respective terms. The Subordinate Net Revenues constitute a trust fund for the security and payment of the principal of and interest on the Drawdown Bonds, the Obligations and all other Subordinate Obligations; and the Purchaser as holder of the Drawdown Bonds, and the Owner Representative, the Credit Protection Provider, the Purchaser and any Owner as payees of the Obligations, and the holders from time to time of the other Subordinate Obligations of the Authority and any other future parity Subordinate Obligations shall share *pari passu* without priority or distinction of one over the other in the Subordinate Net Revenues.

To provide additional security for the payment of the Obligations and the principal of and interest on the Drawdown Bonds as the same shall become due and payable, the Authority hereby pledges and grants a lien upon, subject only to the provisions of this Fourth Supplemental Subordinate Indenture and the Tax Certificate permitting the application thereof for purposes and on the terms and conditions set forth herein and therein, (a) amounts held for the payment of such Drawdown Bond by the Trustee in the AMT Debt Service Fund and the Non-AMT Debt Service Fund, (b) amounts held for the payment of such Drawdown Bonds by the Trustee in the Drawdown Bonds Construction Fund, (c) the proceeds of any other evidences of indebtedness of the Authority issued or incurred solely for the payment of the principal of and interest on the Drawdown Bonds and/or the Obligations, and (d) any other moneys of the Authority hereafter pledged by the Authority to the payment of the principal of and interest on the Drawdown Bonds and/or the Obligations.

Section 6.02. Other Sources of Payment of the Drawdown Bonds and the Obligations. The Authority may, but is not obligated to, provide for the payment of the principal of and interest on the Drawdown Bonds and the Obligations from any other source or from any other funds of the Authority, including, but not limited to, amounts derived from Passenger Facility Charges, except as otherwise provided in the PFC Resolution.

Section 6.03. PFC Resolution. The Authority hereby covenants to comply with all of the terms, conditions, obligations and covenants set forth in the PFC Resolution.

ARTICLE VII

TAX COVENANTS

Section 7.01. Drawdown Bonds Rebate Fund. The Authority hereby agrees that it will enter into the Tax Certificate and will thereunder establish the “San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds Rebate Fund” (the “*Drawdown Bonds Rebate Fund*”), which fund will be held by the Trustee and will be funded by the Authority, including amounts directed by an Authorized Authority Representative pursuant to Section 5.07 hereof to be deposited therein, if so required under the Tax Certificate and amounts in such Drawdown Bonds Rebate Fund shall be held and disbursed in accordance with the Tax Certificate.

The Trustee shall establish within the Drawdown Bonds Rebate Fund a separate Account representing each Drawing for AMT Drawdown Bonds and Non-AMT Drawdown Bonds. All money at any time deposited in the Drawdown Bonds Rebate Fund (or any Account therein) in accordance with the provisions of the Tax Certificate shall be held by the Trustee in trust for payment to the federal government of the United States of America, and neither the Authority nor the Owners of the Drawdown Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Drawdown Bonds Rebate Fund shall be governed by this Fourth Supplemental Subordinate Indenture and by the Tax Certificate. Money shall not be transferred from the Drawdown Bonds Rebate Fund except in accordance with the Tax Certificate and in accordance with written directions from the Authority to the Trustee (which written directions the Trustee may conclusively rely on).

Section 7.02. Preservation of Tax Exemption.

(a) The Authority shall comply with those covenants and agreements set forth in the Tax Certificate.

(b) The Authorized Authority Representatives shall be responsible for the execution and delivery (on or prior to the date of the initial delivery of the Drawdown Bonds and the dates referred to in the third paragraph of this subsection (b)) of a Tax Certificate that, in a manner satisfactory to Bond Counsel, evidences compliance with the relevant requirements of Sections 103 and 141 through 150 of the Code.

The Authority shall set forth in the Tax Certificate its reasonable expectations on the date of delivery of the Tax Certificate as to relevant facts, estimates and circumstances relating to the use of the proceeds of the applicable Drawdown Bonds and any other matters deemed relevant by Bond Counsel. The facts, estimates and circumstances set forth in the Tax Certificate will be in all material respects, to the best of the Authorized Authority Representative’s knowledge, true and correct as of the respective dates thereof. Neither the Authority, any present or future individual members of the Authority nor any official, agent or employee thereof shall have any individual

liability to any holder of a Drawdown Bond for any statement or matter included in or omitted from any Tax Certificate.

(c) The Authority shall not use or permit the use of any proceeds of the Drawdown Bonds or any other funds of the Authority held by the Trustee under this Fourth Supplemental Subordinate Indenture, attributable to the Drawdown Bonds, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Authority or the Trustee with respect to the Drawdown Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Drawdown Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code or an “arbitrage bond” within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder and under Section 103(c) of the Code. The Authority shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations.

In the event Bond Counsel has informed the Authority that it is necessary to restrict or limit the yield on the investment of money held by the Trustee or to use such money in certain manners, in order to avoid the Drawdown Bonds being considered “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Drawdown Bonds at such time, the Authority shall issue to the Trustee a certificate to such effect together with appropriate instructions, in which event the Trustee shall take such action as it is directed to take to use such money in accordance with such certificate and instructions, irrespective of whether the Trustee shares such opinion.

Upon the receipt of written advice of Bond Counsel, the Authority may, and upon receipt of an approving ruling from the Internal Revenue Service or a decision of a court of competent jurisdiction the Authority shall, issue to the Trustee a written certificate to the effect that a restriction or limitation on the yield on the investment of any Drawdown Bond proceeds that was formerly deemed necessary is now removed or modified (along with appropriate written instructions), in which event the Authority and the Trustee will take such action as is necessary to so hold and invest the Drawdown Bond proceeds in accordance with such certificate and instructions. Neither the Authority, the Trustee, nor any present or future board member, official, officer, agent or employee of any of the foregoing shall incur any liability in connection with any certificate or instructions delivered by the Authority to the Trustee as contemplated herein.

(d) The Authority shall at all times do and perform all acts and things permitted by law and this Fourth Supplemental Subordinate Indenture which are necessary or desirable in order to assure that interest paid on the Drawdown Bonds (or any of them) will not be included in gross income for federal income tax purposes (other than interest paid to holders of the AMT Drawdown Bonds that are a “substantial user” of the facilities financed and refinanced with the AMT Drawdown Bonds or a “related person” within the meaning of Section 147(a) of the Code) and, with respect to the Non-AMT Drawdown Bonds, will not be included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and the

Authority shall take no action that would result in such interest on any Drawdown Bonds being included in gross income for federal income tax purposes (other than interest paid to holders of the AMT Drawdown Bonds that are a “substantial user” of the facilities financed and refinanced with the AMT Drawdown Bonds or a “related person” within the meaning of Section 147(a) of the Code) or interest on any Non-AMT Drawdown Bonds being included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Additional Event of Default and Remedy.

(a) As permitted by Sections 8.01(f) and 8.12 of the Master Subordinate Indenture, there is hereby provided an additional Event of Default:

“A Bondholder’s Agreement Event of Default shall be an Event of Default under Section 8.01 of the Master Subordinate Indenture with respect to the Drawdown Bonds.”

(b) As permitted by Sections 8.02(c) and 8.12 of the Master Subordinate Indenture, there is hereby provided an additional remedy:

“The remedies provided for in the Bondholder’s Agreement upon the occurrence and continuation of an Event of Default shall be additional remedies allowed to be undertaken by the Purchaser under Section 8.02 of the Master Subordinate Indenture with respect to the Drawdown Bonds.”

Section 8.02. Modification of the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture. The Authority may, from time to time and at any time, execute and deliver Supplemental Subordinate Indentures supplementing and/or amending the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture in the manner set forth in Article X of the Master Subordinate Indenture.

Section 8.03. Notice of Change of Authority Rating or Maximum Federal Corporate Tax Rate. The Authority shall give, or cause to be given, notice of any change of the Authority Rating not later than ten (10) Business Days after the occurrence of such change to the Trustee, the Owner Representative, the Purchaser and the Underwriter. [The Authority will cause [the Owner Representative] to provide the Trustee of notice of any change to the Maximum Federal Corporate Tax Rate not later than [ten (10) Business Days] after the occurrence of such change.] The Trustee shall have no responsibility to determine the Authority Rating or the Maximum Federal Corporate Tax Rate and may conclusively rely upon the Authority Rating and the Maximum Federal Corporate Tax Rate set forth herein or provided by the Authority or [the Owner Representative] , respectively.

Section 8.04. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Fourth Supplemental Subordinate Indenture or the Drawdown Bonds must be in writing, except as expressly provided otherwise, in this Fourth Supplemental Subordinate Indenture or the Drawdown Bonds.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when mailed by first-class mail, postage prepaid, addressed to the Authority or the Trustee at the addresses provided in the Master Subordinate Indenture or when delivered by hand and received by the Authority or the Trustee at the addresses provided in the Master Subordinate Indenture. Any notice or other communication to the Purchaser shall be sent to the following address:

| | |
|------------|---|
| Purchaser: | Payment Instructions — |
| | US Bank |
| | ABA# 091000022 |
| | Account # 160230097208 |
| | Account: RBC Capital Markets LLCFFC: MPI, |
| | Account #[_____] |

Notices —

RBC Municipal Products, LLC
100 Second Avenue South, Suite 800
St. Petersburg, Florida 337701-4337
Attention: Thomas Carlson
Telephone: (727) 895-8899
Facsimile: (727) 895-8895
Email: thomas.carlson@rbccm.com

and

Attention: Joseph Huesman
Facsimile: (212) 642-2490
Email: joseph.huesman@rbccm.com

and

Email: transactionreviewsub@rbccm.com

With a copy to:

Royal Bank of Canada
Corporate Banking
Three World Financial Center, 12th Floor
200 Vesey Street
New York, NY 10281 8098
Attention: Stephanie Gordon
Telephone: (212) 618-7501
Facsimile: [_____]
Email: stephanie.gordon@rbccm.com

and:

Credit Transaction Management – Compliance
Royal Bank of Canada
200 Bay Street, South Tower, 12th Floor RBPS 12
Toronto, Ontario M5J 2J5, Canada
Attention: Kamal Grover
Facsimile: (416) 842 4020
Email: managercompliance ctm@rbccm.com; and
transactionreviewsub@rbccm.com

Underwriter: RBC Capital Markets, LLC
Three World Financial Center, 9th Floor
200 Vesey Street
New York, New York 10281-8098
Attention: Michael Lexton
Telephone: (212)905-5907
Facsimile: (212) [_____]
E mail: michael.lexton@rbccm.com

and:

RBC Capital Markets, LLC
Two Embarcadero Center, 12th Floor
San Francisco, California 94111
Attention: Tom Yang
Telephone: (415) 445-8206
Facsimile: (415) [_____]
E mail: tom.a.yang@rbccm.com

Any addressee may designate additional or different addresses for purposes of this Section.

Section 8.05. Parties Interested Herein. Nothing in this Fourth Supplemental Subordinate Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee and the Purchaser, any right, remedy or claim under or by reason of this Fourth Supplemental Subordinate Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Fourth Supplemental Subordinate Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Purchaser.

Section 8.06. Severability. If any provision of this Fourth Supplemental Subordinate Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Fourth Supplemental Subordinate Indenture.

Section 8.07. Payments or Actions Occurring on Non-Business Days. If a payment date is not a Business Day at the place of payment or if any action required hereunder is required on a date that is not a Business Day, then payment may be made at that place on the next Business Day or such action may be taken on the next Business Day with the same effect as if payment were made on the action taken on the stated date, and no interest shall accrue for the intervening period.

Section 8.08. Governing Law. This Fourth Supplemental Subordinate Indenture shall be governed by and construed in accordance with the laws of the State.

Section 8.09. Captions. The captions in this Fourth Supplemental Subordinate Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Fourth Supplemental Subordinate Indenture.

Section 8.10. Counterparts. This Fourth Supplemental Subordinate Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

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

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Subordinate Trust Indenture to be duly executed, all as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By _____
[_____]

Attest:

By _____
Tony R. Russell,
Director, Corporate Services/
Authority Clerk

Approved as to form:

By _____
Amy Gonzalez
General Counsel

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Representative

[Signature page to Fourth Supplemental
Subordinate Trust Indenture]

EXHIBIT A

FORM OF DRAWDOWN BOND

San Diego County Regional Airport Authority
Subordinate Airport Revenue Drawdown Bonds
Series [A/B] [(Non-AMT)][(AMT)]
Subseries [A/B]-[___] [(Non-AMT)][(AMT)]

No. R-[___]

Maximum Principal Amount: Not to Exceed \$100,000,000

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AS DEFINED IN THE HEREINAFTER DEFINED FOURTH SUPPLEMENTAL SUBORDINATE INDENTURE) TO THE TRUSTEE (AS HEREINAFTER DEFINED) FOR REGISTRATION OF, TRANSFER, EXCHANGE, OR PAYMENT, AND ANY SUBSERIES [A/B-___] BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

| Interest Rate | Maturity Date | Original Dated Date | CUSIP |
|--------------------------------|---------------|---------------------|-------|
| Variable (as described herein) | [_____] | [_____], 2017 | |

THIS BOND IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF SUBORDINATE NET REVENUES (AS HEREINAFTER DEFINED) DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF THE AIRPORT SYSTEM (AS HEREINAFTER DEFINED) AND CERTAIN FUNDS AND ACCOUNTS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THIS BOND, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

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

The San Diego County Regional Airport Authority (the "Authority"), acting pursuant to Section 170000 *et seq.* of the California Public Utilities Code (the "Act") and with exclusive

management and control of the Airport System, promises to pay, from the Subordinate Net Revenues, as hereinafter defined in this Bond, to Cede & Co., or registered assigns, the principal amount Outstanding on this Bond (up to the Maximum Principal Amount set forth above) on the Maturity Date set forth above and to pay interest as provided in this Bond.

Additional provisions of this Bond are set forth on the following pages of this Bond.

All acts, conditions and other matters required to exist, to happen and to be performed, precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law and the Act.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION, SAN DIEGO COUNTY REGIONAL AIRPORT
as Trustee certifies that this is one of the AUTHORITY
Subordinate Obligations referred to in the
Master Subordinate Indenture and Fourth
Supplemental Subordinate Indenture

By _____
Authorized Signatory

By _____
President and CEO

Attest:

By: _____
Director, Corporate Services/
Authority Clerk

1. Master Subordinate Indenture; Fourth Supplemental Subordinate Indenture. The Authority has entered into a Master Subordinate Trust Indenture, dated as of September 1, 2007 (the “Master Subordinate Indenture”), with U.S. Bank National Association, as successor trustee (the “Trustee”). Such Master Subordinate Indenture provides that the Authority may issue bonds and incur other indebtedness under the terms and conditions set forth in the Master Subordinate Indenture and Supplemental Subordinate Indentures. All bonds and other indebtedness issued thereunder and secured thereby are collectively referred to herein as “Subordinate Obligations.” All capitalized terms not defined herein shall have the meanings set forth in the Master Subordinate Indenture and the hereinafter defined Fourth Supplemental Subordinate Indenture.

This Bond is part of a series of Subordinate Obligations of the Authority issued under the Master Subordinate Indenture and the Fourth Supplemental Subordinate Trust Indenture, dated as of [_____] 1, 2017 (the “Fourth Supplemental Subordinate Indenture”), by and between the Authority and the Trustee and authorized by Resolution No. 2017-[_____] adopted by the board

of directors of the Authority on April 6, 2017. The series of Subordinate Obligations of which this Bond is a part is being issued in the maximum principal amount up to \$100,000,000 and designated as San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series [A/B] [(Non-AMT/MAT)] (the “[Non-AMT][AMT] Drawdown Bonds”).

The [Non-AMT][AMT] Drawdown Bonds are being issued with a pledge of and lien on Subordinate Net Revenues on a parity with the other Subordinate Obligations issued on a parity with the [Non-AMT][AMT] Drawdown Bonds under the terms and provisions of the Master Subordinate Indenture.

The terms of the [Non-AMT][AMT] Drawdown Bonds include the terms set forth in the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture. Holders are referred to the Master Subordinate Indenture, as amended and supplemented from time to time, and the Fourth Supplemental Subordinate Indenture, as amended and supplemented from time to time, for a statement of those terms and for the meanings of any defined terms not defined herein.

2. **Source of Payments.** The [Non-AMT][AMT] Drawdown Bonds are, as provided in the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture, together with all other Subordinate Obligations, secured by and payable from, the Subordinate Net Revenues, as described below and as defined in the Master Subordinate Indenture. The Master Subordinate Indenture pledges the Subordinate Net Revenues to secure payment of all Subordinate Obligations issued under the Master Subordinate Indenture.

All defined terms used in such description shall have the meaning assigned to them in the Master Subordinate Indenture. The Authority is not required to provide for the payment of the Subordinate Obligations from any other source other than from certain funds and accounts under the Master Subordinate Indenture and the Supplemental Subordinate Indentures in accordance with their terms.

3. **Interest Rate and Interest Payment Dates.** This Bond shall bear interest at the rates and the Authority shall pay interest on this Bond on the dates and at the places provided for in the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture. Interest on this Bond shall be calculated on the basis of a 365/366-day year, as applicable, and actual days elapsed.

If this Bond is not a Book-Entry Bond, as defined in the Fourth Supplemental Subordinate Indenture, interest hereon will be paid by check mailed to the Holder’s registered address, and, if this Bond is a Book-Entry Bond, as defined in the Fourth Supplemental Subordinate Indenture, interest will be paid as provided in the Fourth Supplemental Subordinate Indenture. Interest will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money. If any payment of interest on this Bond is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

5. **Payment of Principal.** Payment of principal of this Bond will be paid at maturity upon surrender of this Bond to the Trustee or its agent except that if this Bond is a Book-Entry Bond, the Trustee may make other arrangements for payment of principal. Principal will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money. If any payment of principal of this Bond is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

6. **Redemption and Repayment.** This Bond is subject to optional and mandatory sinking fund redemption and repayment as provided in the Fourth Supplemental Subordinate Indenture.

7. **Denominations; Transfer; Exchange.** The [Non-AMT][AMT] Drawdown Bonds are available in denominations of \$100,000 and integral multiples of \$5,000 in excess of \$100,000. A Holder may transfer or exchange Series 2010B Bonds in accordance with the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture.

8. **Persons Deemed Owners.** The registered owner of this Bond shall be treated as the owner of it for all purposes.

9. **Unclaimed Money.** If money for the payment of principal or interest remains unclaimed for two years, the Trustee will pay the money to or for the account of the Authority. After that, Holders entitled to the money must look only to the Authority and not to the Trustee for payment.

10. **Discharge Before Maturity.** If the Authority at any time deposits with the Trustee money, Government Obligations or obligations described in item (b) of the definition of Permitted Investments as described in the Master Subordinate Indenture sufficient to pay at maturity principal of and interest on the outstanding [Non-AMT][AMT] Drawdown Bonds, and if the Authority also pays all other sums then payable by the Authority under the Master Subordinate Indenture, the Master Subordinate Indenture will be discharged. After discharge, Holders must look only to the deposited money and securities for payment. If the Authority at any time deposits with the Trustee money, Government Obligations or obligations described in item (b) of the definition of Permitted Investments as described in the Master Subordinate Indenture sufficient to pay at maturity, principal of and interest on all or any portion of the outstanding [Non-AMT][AMT] Drawdown Bonds, such [Non-AMT][AMT] Drawdown Bonds, with respect to which the deposit was made, shall no longer be deemed to be outstanding and shall no longer be secured by the Master Subordinate Indenture except to the extent of the funds set aside therefor.

11. **Amendment, Supplement, Waiver.** The Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture and the [Non-AMT][AMT] Drawdown Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, as provided in the Master Subordinate Indenture. Any consent given by the owner of this Bond shall bind any subsequent owner of this Bond or any Bond delivered in substitution for this Bond.

12. **Defaults and Remedies.** The Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture provides that the occurrences of certain events constitute Events of Default. If an Event of Default occurs and is continuing, the Trustee may exercise the remedies set forth in the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture. Under no circumstances does an Event of Default grant any right to accelerate payment of this Bond. An Event of Default and its consequences may be waived as provided in the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture. Holders may not enforce the Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture or this Bond except as provided in the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture. The Trustee may refuse to enforce the Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture or this Bond unless it receives indemnity satisfactory to it. Subject to certain limitations, Holders of a majority of the principal amount of the [Non-AMT][AMT] Drawdown Bonds (determined in accordance with the terms of the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture) may direct the Trustee in its exercise of any trust or power.

13. **No Recourse Against Others.** No member, director, officer or employee of the Authority shall have any personal liability for any obligations of the Authority under this Bond, the Master Subordinate Indenture or the Fourth Supplemental Subordinate Indenture or for any claim based on such obligations or their creation or be subject to any personal liability or accountability by reason of the issuance thereof. Each Holder, by accepting this Bond, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Bond.

15. **Authentication.** This Bond shall not be valid until the Trustee or an authenticating agent signs the certificate of authentication on the signature page of this Bond.

16. **Abbreviations.** Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), U/G/M/A (= Uniform Gifts to Minors Act) and U/T/M/A (= Uniform Transfers to Minors Act).

FORM OF ASSIGNMENT

I or we assign and transfer to

Insert social security or other
identifying number of assignee

[]

[]

(Print or type name, address and zip code of assignee) this Bond and irrevocably appoint

_____ agent to transfer this Bond on the books of the Authority. The agent
may substitute another to act for him.

Dated: _____

Signed _____

(Sign exactly as name appears on the face of this Bond)

Signature guaranteed:

(NOTE: Signature(s) guarantee should be made by a
guarantor institution participating in the Securities
Transfer Agents Medallion Program or such other
guarantee program acceptable to the Trustee.)

EXHIBIT B

FORM OF DRAWDOWN BONDS CONSTRUCTION FUND REQUISITION

Requisition No. _____

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

Re: Requisition of Funds from San Diego County Regional Airport Authority
Subordinate Airport Revenue Drawdown Bonds Series [A/B] [(Non-AMT)/(AMT)] Construction Fund

The amount requisitioned: \$ _____

Payment to be made to: _____

Manner in which payment is to be made: _____

Description of Costs of [Non-AMT][AMT] Project: _____

The undersigned, an Authorized Authority Representative within the meaning of the Master Subordinate Trust Indenture, dated as of September 1, 2007 (the "Master Subordinate Indenture"), by and between the San Diego County Regional Airport Authority (the "Authority") and U.S. Bank National Association, as successor trustee (the "Trustee"), as supplemented by the Fourth Supplemental Subordinate Trust Indenture, dated as of [_____] 1, 2017 (the "Fourth Supplemental Subordinate Indenture"), by and between the Authority and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in the San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds Series [A/B] [(Non-AMT)/(AMT)] Construction Fund held under the Fourth Supplemental Indenture and directs that payment be made in the manner described above.

The amount to be paid represents Costs of a [Non-AMT][AMT] Project (as defined in the Master Indenture and the Fourth Supplemental Indenture) and does not represent Costs of Issuance associated with the issuance of the [Non-AMT][AMT] Drawdown Bonds (as defined in the Fourth Supplemental Indenture) and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated [_____] 20[___] and relating to the [Non-AMT][AMT] Drawdown Bonds.

Dated: _____.

By _____
Authorized Authority Representative

RESOLUTION NO. 2017-0029

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY REAUTHORIZING REVOLVING LINE OF CREDIT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$125,000,000 OUTSTANDING AT ANY ONE TIME AND APPROVING A FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT AND CERTAIN OTHER MATTERS; AND AUTHORIZING THE ISSUANCE AND/OR INCURRENCE OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY SUBORDINATE AIRPORT REVENUE DRAWDOWN BONDS FROM TIME TO TIME IN THE FORM OF A REVOLVING DRAWDOWN BOND PROGRAM IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$100,000,000 OUTSTANDING AT ANY ONE TIME, AND APPROVING A FOURTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE, A BONDHOLDER'S AGREEMENT, A BOND PURCHASE AGREEMENT, AND CERTAIN DOCUMENTS AND MATTERS RELATED TO THE SUBORDINATE DRAWDOWN BONDS

WHEREAS, the San Diego County Regional Airport Authority ("Authority") is a local government entity of regional government, with jurisdiction extending throughout the County of San Diego ("County"), organized and existing pursuant to the provisions of the Constitution of the State of California ("State") and § 170000 *et seq.* of the California Public Utilities Code ("Act"); and

WHEREAS, the Authority has been formed for the purposes of: (a) operating the Airport System (as defined in the hereinafter defined Master Senior Indenture), (b) planning and operating any future airport that could be developed as a supplement or replacement to San Diego International Airport ("Airport"), (c) developing a comprehensive land use plan, as it may relate to the Airport System, for the entire County, and (d) serving as the region's airport land use commission; and

WHEREAS, the Authority assumed exclusive use, management, operation, regulation, policing and control of the Airport System, as set forth in the Act, and other related facilities upon the transfer of such exclusive use, management, operation, regulation, policing and control from the San Diego Unified Port District in January 2003; and

WHEREAS, the Act provides that the Authority shall have the power to issue bonds, from time to time, payable from revenue of any facility or enterprise operated, acquired, or constructed by the Authority, for any of the purposes authorized under the Act in accordance with the Revenue Bond Law of 1941 Chapter 6 (commencing with § 54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with § 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and the limitations set forth in California Government Code § 54402(b), which shall not apply to the issuance and sale of bonds pursuant to the Act; and

WHEREAS, the Act provides that the Airport System or any or all facilities and all additions and improvements that the board of directors of the Authority ("Board") authorizes to be acquired or constructed and any purpose, operation, facility, system, improvement, or undertaking of the Authority from which revenues are derived or otherwise allocable, which revenues are, or may by resolution or ordinance be, required to be separately accounted for from other revenues of the Authority, shall constitute an enterprise within the meaning of California Government Code § 54309; and

WHEREAS, the Authority has determined that it is necessary and advisable to issue, from time to time, Subordinate Obligations (as defined in the hereinafter defined Master Subordinate Indenture) for the purposes set forth in the Act and the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended ("Master Subordinate Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee ("Subordinate Trustee"), and that such Subordinate Obligations be payable from and secured by Subordinate Net Revenues (as defined in the Master Subordinate Indenture); and

WHEREAS, the Authority has determined that it is in the best interest of the Authority to have the capacity to issue and/or incur Subordinate Obligations in the form of short-term revenue obligations, in order to provide funds to finance and refinance the acquisition, construction, rehabilitation and equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, the Authority, pursuant to Resolution No. 2014-0076 adopted by the Board on July 7, 2014 ("Resolution No. 2014-0076"), has previously determined that it is appropriate and beneficial for the purposes of the Authority to issue and/or incur such short-term revenue obligations, from time to time, in the form of "San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations" ("Subordinate Revolving Obligations") which shall be issued and/or incurred in the form of a revolving line of credit ("Revolving Line of Credit") as a means of providing funds to finance and refinance the acquisition, construction, rehabilitation and equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, the Revolving Line of Credit is currently being provided to the Authority by U.S. Bank National Association ("U.S. Bank"), pursuant to a Revolving Credit Agreement, dated as of September 1, 2014 ("Credit Agreement"), entered into by and between the Authority and U.S. Bank, whereby the Authority is allowed to request Advances (as defined in the Credit Agreement), from time to time, in an aggregate principal amount not to exceed \$125,000,000 at any one time outstanding to finance or refinance on either a reimbursement or forward funding basis the acquisition, construction, rehabilitation or equipping of certain capital improvements to the airport system, to finance certain costs of issuance and for any other financing needs of the

Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, the Credit Agreement is set to expire on September 4, 2017, unless extended; and

WHEREAS, Authority staff, in anticipation of the future expiration date of the Credit Agreement, on November 10, 2016, published a request for proposals ("RFP") for letter of credit or bank loan proposals; and

WHEREAS, ten proposals were received from financial institutions on December 14, 2016; and

WHEREAS, evaluation panelists reviewed the detailed term sheets submitted by the financial institutions; and

WHEREAS, based upon the panelists' evaluations, U.S. Bank and RBC Capital Markets, LLC ("RBC Capital Markets") were determined to be the highest ranking respondents; and

WHEREAS, Authority staff has negotiated and agreed to final terms with (i) U.S. Bank for an extension of the Credit Agreement expiration date, and (ii) RBC Capital Markets with respect to the documents required to provide for a revolving drawdown bond program; and

WHEREAS, Authority staff is requesting the Board to waive Section 5.01 part 1(c) of the San Diego County Regional Airport Authority Policies which would require the evaluation panelists to interview the potential letter of credit or bank loan proposal candidates ("Requested Waiver"); and

WHEREAS, the Authority has determined that it is in the best interests of the Authority to reauthorize the Revolving Line of Credit and to extend the Commitment Expiration Date (as defined in the Credit Agreement), and to make certain other amendments and modifications to the Credit Agreement by entering into the First Amendment to Revolving Credit Agreement ("First Amendment to Revolving Credit Agreement") between the Authority and U.S. Bank; and

WHEREAS, the Authority has determined that it is appropriate and beneficial for the purposes of the Authority to also issue and incur short-term revenue revolving obligations, from time to time, in the form of San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds ("Subordinate Drawdown Bonds") which will provide additional funds to finance and refinance the acquisition construction, rehabilitation and equipping of certain capital improvements to the Airport System to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, pursuant to a Bond Purchase Agreement (“Bond Purchase Agreement”) by and between RBC Capital Markets, LLC (“Underwriter”) and the Authority, the Underwriter will agree to initially purchase one or more series and one or more associated subseries of the Subordinate Drawdown Bonds from the Authority, and to honor drawings under each subseries of the Drawdown Bonds, from time to time, in an aggregate principal amount not to exceed \$100,000,000 at any one time outstanding; and

WHEREAS, subsequent to purchasing the Subordinate Drawdown Bonds from the Authority, the Underwriter will sell the Subordinate Drawdown Bonds to RBC Municipal Products, LLC (“RBCMP”); and

WHEREAS, as a condition to purchasing the Subordinate Drawdown Bonds from the Underwriter, RBCMP is requiring the Authority to enter into a Bondholder’s Agreement (“Bondholder’s Agreement”) with RBCMP; and

WHEREAS, the Subordinate Drawdown Bonds will be issued and secured, and all other Obligations (as defined in the Bondholder’s Agreement) will be incurred and secured, pursuant to the Act, certain other provisions of the laws of the State (including California Government Code § 53580 *et seq.*), the Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture (as hereinafter defined), the Bond Purchase Agreement and the Bondholder’s Agreement; and

WHEREAS, the Subordinate Drawdown Bonds and the Obligations will be special obligations of the Authority, secured by, and payable from Subordinate Net Revenues and such other funds and accounts as provided in the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture; and

WHEREAS, the interest paid by the Authority on the Subordinate Drawdown Bonds is intended to be excluded from the gross income of the recipients thereof under the varying provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or related thereto (collectively, the “Code”); and

WHEREAS, there have been presented to the Board the following documents:

- (a) a form of the First Amendment to Revolving Credit Agreement;
- (b) a form of the Fourth Supplemental Subordinate Trust Indenture (including the form of the Subordinate Drawdown Bond attached thereto as Exhibit A, the “Fourth Supplemental Subordinate Indenture”), by and between the Authority and the Subordinate Trustee;
- (c) a form of the Bondholder’s Agreement; and
- (d) a form of the Bond Purchase Agreement; and

WHEREAS, said documents will be modified and amended to reflect the various details applicable to (a) the changes to be made to the Credit Agreement and the extension of the Credit Agreement expiration date, and (b) the Subordinate Drawdown Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of the San Diego County Regional Airport Authority that:

Section 1. Reauthorization of Revolving Line of Credit; Approval of First Amendment to Revolving Credit Agreement; Authorization for Execution. The Board hereby reauthorizes the Revolving Line of Credit currently being provided to the Authority by U.S. Bank in an aggregate principal amount not to exceed \$125,000,000 at any one time outstanding. Except as otherwise provided in this Resolution, the provisions and approvals set forth in Resolution No. 2014-0076 are hereby ratified and confirmed.

The form, terms and provisions of the First Amendment to Revolving Credit Agreement are in all respects approved and the President/CEO of the Authority and the Vice President, Finance & Asset Management and Treasurer of the Authority, any one or more thereof (each a "Designated Officer"), are hereby authorized, empowered and directed to execute, acknowledge and deliver the First Amendment to Revolving Credit Agreement including counterparts thereof, in the name and on behalf of the Authority. The First Amendment to Revolving Credit Agreement, as executed and delivered, shall be in substantially the form now before this meeting and hereby approved, with such changes therein approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the document now before this meeting; and from and after the execution and delivery of the First Amendment to Revolving Credit Agreement, the officers, agents and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the First Amendment to Revolving Credit Agreement.

Section 2. Issuance and/or Incurrence of Subordinate Drawdown Bonds and Obligations; Terms of Subordinate Drawdown Bonds. For the purposes set forth in the foregoing recitals, the Board hereby authorizes (a) the issuance, from time to time, of the Subordinate Drawdown Bonds in the form of the revolving drawdown bond program, pursuant to the Bond Purchase Agreement, the Bondholder's Agreement, the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture, provided that the aggregate principal amount of all Subordinate Drawdown Bonds outstanding at any time, in one or more subseries (including all drawings incurred thereunder) shall not exceed \$100,000,000, and (b) the incurrence of the other Obligations (as defined in the Bondholder's Agreement) under the Bond Purchase Agreement, the Bondholder's Agreement, the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture. The Underwriter's commitment to initially purchase the Subordinate Drawdown Bonds and honor drawings under the Subordinate Drawdown

Bonds under the Bond Purchase Agreement, and RBCMP's obligations to be the ultimate purchaser of such bonds shall have a term not exceeding three (3) years unless such date is earlier terminated pursuant to the terms of the Bond Purchase Agreement and/or the Bondholder's Agreement or extended, reduced or rescinded by a subsequent resolution of the Board (and approved by the Underwriter and RBCMP), and any term loan after the Commitment End Date (as defined in the Bondholder's Agreement) made under the Bondholder's Agreement shall have a term not exceeding three (3) years. The outstanding principal amount of each Subordinate Drawdown Bond, and the related drawings thereunder, shall bear interest at the interest rates set forth in the Fourth Supplemental Subordinate Indenture and/or the Bondholder's Agreement. Notwithstanding anything to the contrary in the previous sentence or the provisions of this Resolution, interest payable by the Authority on any Subordinate Drawdown Bond, and the related drawings thereunder, shall not exceed the Maximum Interest Rate (as defined in the Bondholder's Agreement); provided, however, if the rate of interest calculated in accordance with the terms of the Fourth Supplemental Subordinate Indenture and/or the Bondholder's Agreement exceeds the Maximum Interest Rate, interest at the rate equal to the difference between the rate of interest calculated in accordance with the terms of the Fourth Supplemental Subordinate Indenture and/or the Bondholder's Agreement and the Maximum Interest Rate shall be deferred until such date as the rate of interest calculated in accordance with the terms of the Fourth Supplemental Subordinate Indenture and/or the Bondholder's Agreement ceases to exceed the Maximum Interest Rate, at which time the Authority shall pay RBCMP (and/or such other parties as set forth in the Fourth Supplemental Subordinate Indenture, the Bond Purchase Agreement or the Bondholder's Agreement) the deferred interest as provided in the Fourth Supplemental Subordinate Indenture and/or the Bondholder's Agreement.

The proceeds of the Subordinate Drawdown Bonds, and the drawings thereunder, will provide funds, from time to time, to finance on either a reimbursement or forward funding basis the acquisition, construction, rehabilitation and equipping of capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority).

The Authority shall be obligated to pay all Obligations owed to RBCMP (and/or such other parties as set forth in the Fourth Supplemental Subordinate Indenture, the Bond Purchase Agreement or the Bondholder's Agreement), and the principal of and interest on the Subordinate Drawdown Bonds, and the drawings thereunder, as provided for in the Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture and the Bondholder's Agreement. The interest paid by the Authority on the Subordinate Drawdown Bonds, and the drawings thereunder, is intended to be excluded from gross income for federal income tax purposes.

The terms of the Subordinate Drawdown Bonds and the issuance of one or more subseries of such bonds, and the drawings thereunder, shall, consistent with this Resolution, the Fourth Supplemental Subordinate Indenture and the Bond Purchase

Agreement, be set forth in the related Request for Purchase and Request for Drawing (both as defined and described in the Bond Purchase Agreement and the Bondholder's Agreement) delivered to the Underwriter and RBCMP, as applicable, by a Designated Representative (as hereinafter defined).

Section 3. Pledge to Secure the Subordinate Drawdown Bonds and the Obligations. The pledge to secure the Subordinate Drawdown Bonds, and the drawings thereunder, and the Obligations as set forth in the Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture and the Bondholder's Agreement is hereby approved.

Section 4. Special Obligations; Subordinate Obligations. The Subordinate Drawdown Bonds, and the drawings thereunder, and the Obligations shall be special obligations of the Authority, secured by, and payable from, Subordinate Net Revenues and from the funds and accounts held by the Subordinate Trustee and the Authority under the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture, as and to the extent therein described. The Subordinate Drawdown Bonds, and the drawings thereunder, and the Obligations shall also be secured by and be paid from such other sources as the Authority may hereafter provide.

The Subordinate Drawdown Bonds, and the drawings thereunder, shall be issued as, and the Obligations shall be, Subordinate Obligations as provided for in Section 2.09 of the Master Subordinate Indenture.

Section 5. Approval of Documents; Authorization for Execution. The form, terms and provisions of the Fourth Supplemental Subordinate Indenture (including the form of the Subordinate Drawdown Bond attached thereto as Exhibit A), the Bondholder's Agreement and the Bond Purchase Agreement (collectively, the "Drawdown Bond Documents") are in all respects APPROVED and any one or more Designated Officers are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Drawdown Bond Documents including counterparts thereof, in the name and on behalf of the Authority. The Drawdown Bond Documents, as executed and delivered, shall be in substantially the forms now before this meeting and hereby approved, with such changes therein approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the forms of the Drawdown Bond Documents now before this meeting; and from and after the execution and delivery of the Drawdown Bond Documents, the officers, agents and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Drawdown Bond Documents.

Section 6. Trustee, Paying Agent and Registrar. The Board hereby appoints U.S. Bank National Association as trustee, paying agent, registrar and calculation agent for the Subordinate Drawdown Bonds. Such appointments shall be effective upon the adoption of this Resolution and shall remain in effect until the Authority shall, by

supplemental indenture, resolution or other agreement, name a substitute or successor thereto.

Section 7. Designated Representatives. The Board hereby appoints the President/CEO (Executive Director) of the Authority, the Vice President, Finance & Asset Management and Treasurer of the Authority, and the Senior Director, Finance & Asset Management, or any such officer serving in an acting or interim capacity and any other persons the President/CEO (Executive Director) of the Authority may designate to serve, as "Designated Representatives" of the Authority under the terms of this Resolution, the Fourth Supplemental Subordinate Indenture, the Bond Purchase Agreement and the Bondholder's Agreement. The Designated Representatives are, and each of them is, hereby authorized and are hereby directed to perform those duties set forth in the Drawdown Bond Documents including, without limitation, the execution of a Request for Purchase and Request for Drawing (as described in the Bond Purchase Agreement and the Bondholder's Agreement). The Designated Representatives are, and each of them is, also authorized to make representations, certifications and warranties in connection with the execution and delivery of the Bondholder's Agreement and Bond Purchase Agreement and the issuance and/or incurrence of the Subordinate Drawdown Bonds, including the drawing thereunder, and the other Obligations, as and when required in the Drawdown Bond Documents and the certifications and agreements relating to the federal tax exemption with respect to interest on the Subordinate Drawdown Bonds and the drawings thereunder. The Designated Representatives are hereby further authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Drawdown Bond Documents.

Section 8. Additional Authorization. Each Designated Officer and all officers, agents and employees of the Authority, for and on behalf of the Authority, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the First Amendment to Revolving Credit Agreement and the Drawdown Bond Documents and to carry out the terms thereof. Each Designated Officer, each Designated Representative and all officers, agents and employees of the Authority are further authorized and directed, for and on behalf of the Authority, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution, the First Amendment to Revolving Credit Agreement, the Fourth Supplemental Subordinate Indenture, the Bondholder's Agreement, the Bond Purchase Agreement or to evidence the same authority and its exercise. The foregoing authorization includes, but is in no way limited to, authorizing Authority staff to pay costs of implementing and obtaining the First Amendment to Revolving Credit Agreement and fees and costs of U.S. Bank, and costs of implementing and obtaining the Bondholder's Agreement and the Bond Purchase Agreement and fees and costs of the Underwriter and RBCMP, authorizing the publication of a notice of hearing regarding the future issuance of bonds that is required in order to comply with Section 147(f) of the Internal Revenue Code ("Code"), authorizing the investment of the proceeds of the Subordinate Drawdown Bonds, and the drawings thereunder, in one or more of the permitted investments provided for

under the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture, and authorizing the execution by a Designated Officer, or any one of them, of one or more tax compliance certificates as required by the Fourth Supplemental Subordinate Indenture and the Bond Purchase Agreement for the purpose of complying with the rebate requirements of the Code. Additionally, (i) on or before the commitment end date of the Bondholder's Agreement and the Bond Purchase Agreement, the President/CEO (Executive Director) is hereby authorized to negotiate and execute an extension to the commitment end date of the Bondholder's Agreement and the Bond Purchase Agreement (provided such extension shall not exceed three (3) years) with RBCMP and the Underwriter, respectively, if the President/CEO (Executive Director) determines that such extension is pursuant to the same or more advantageous financial terms as those set forth in the Bondholder's Agreement and the Bond Purchase Agreement presented to the Board at this meeting and, provided, further, that the terms and provisions of the Bondholder's Agreement and the Bond Purchase Agreement are the same, or more advantageous to the Authority, as the terms and provisions of the Bondholder's Agreement and the Bond Purchase Agreement presented to the Board at this meeting; and (ii) on or before the stated expiration date of the Credit Agreement, as amended by the First Amendment to Revolving Credit Agreement, the President/CEO (Executive Director) is hereby authorized to negotiate and execute an extension to the stated expiration date of the Credit Agreement (provided such extension shall not exceed three (3) years) with U.S. Bank, if the President/CEO (Executive Director) determines that such extension is pursuant to the same or more advantageous financial terms as those set forth in the Credit Agreement, as amended by the First Amendment to Revolving Credit Agreement, and, provided, further, that the terms and provisions of the Credit Agreement are the same, or more advantageous to the Authority, as the terms and provisions of the Credit Agreement, as amended by the First Amendment to Revolving Credit Agreement.

Section 9. Waiver of Interview Requirement. The Board hereby agrees to grant the staff's request for the Requested Waiver.

Section 10. Costs of Issuance. Funds of the Authority are hereby authorized, together with the proceeds from the Subordinate Drawdown Bonds, to be used to pay costs of issuance of implementing and obtaining the revolving Subordinate Drawdown Bonds program, including but not limited to costs of attorneys, accountants, financial advisors, the costs and expenses of the Underwriter and RBCMP, the costs associated with rating agencies, printing, publication and mailing expenses, and any related filing fees.

Section 11. Severability. The provisions of this Resolution are hereby declared to be severable and, if any section, phrase or provisions shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

Section 12. Governing Law. This resolution shall be construed and governed in accordance with the laws of the State of California.

Section 13. Repeal of Inconsistent Resolutions. All other resolutions of the Board, or parts of resolutions, inconsistent with this Resolution, are hereby repealed to the extent of such inconsistency.

Section 14. Effective Date of Resolution. This Resolution shall take effect from and after its passage and approval.

Section 15. BE IT FURTHER RESOLVED by the Board, that it FINDS that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code § 21065); and is not a “development” as defined by the California Coastal Act (California Public Resources Code § 30106).

PASSED, ADOPTED AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of April, 2017 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL



San Diego County Regional Airport Authority

Revolving Credit Variable Rate Program

Presented by:
John Dillon
Director Financial Management

April 7th 2017

Agenda

- Rationale for a Short-term Variable Rate Debt Program
- Authority's Existing Revolving Line of Credit
- Variable Debt Capacity requirements
- Request for Proposal Results
- Revolving Drawdown Bonds
- Documents
- Recommendation and Requested Action

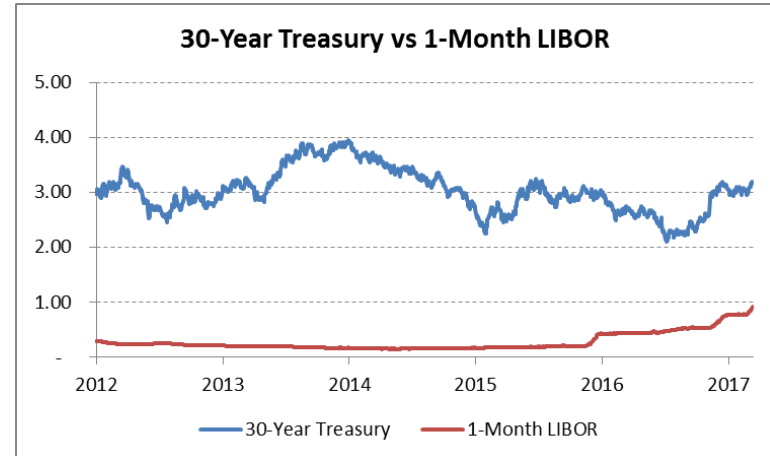
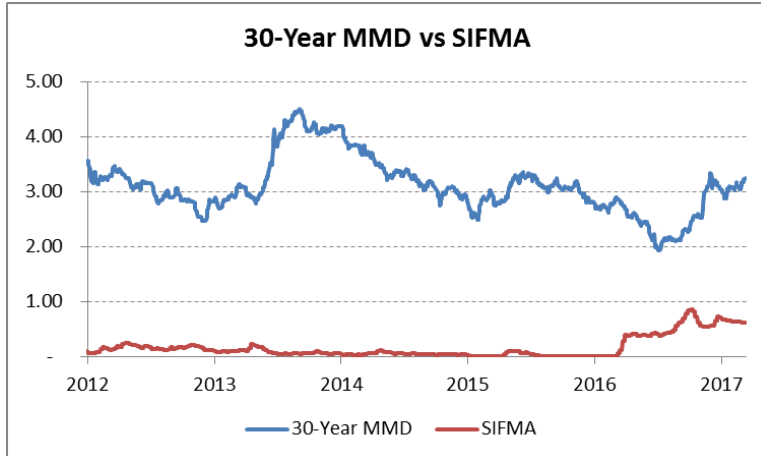
Rationale for a Short-term Variable Rate Debt Program

- Used to manage capital funding requirements
 - Flexible, “just-in-time” funding
 - Interim capital funding source between long-term bond issues
- Provides variable interest rate component in our debt portfolio
 - Variable rate debt generally provides the lowest cost of funds for the short-term

Rationale - Historical Interest Rates

Historically, short-term average rates are below long-term rates. Over the last five years:

- Short-term tax-exempt rates have averaged 0.16% compared to an average 30-year bond rate of 3.11%
- Short-term taxable rates have averaged 0.26% compared to an average 30-year US Treasury rate of 3.03%



Note: Market rates as of 2/7/2017

Authority's Existing Revolving Line of Credit

- The Authority's current \$125M Revolving Credit Agreement was established in September 2014 with US Bank
- The revolving line of credit replaced the 2007 \$250 million Commercial Paper Program
- The Revolving Credit Agreement expires on September 4, 2017

Authority's Existing Revolving Line of Credit - Continued

The Authority currently has \$56.7 million of outstanding Revolving Obligations:

- \$24.2 million (Non-AMT) of Revolving Obligations that funded Parking Plaza construction. It is anticipated that this balance will increase as construction continues but will be refinanced with GARB bonds in the Summer of 2017
- \$16.8 million (AMT) of Revolving Obligations that funded various capital projects and which are currently being amortized through 2030
- \$15.7 million (Taxable) of Revolving Obligations that defeased the Series 2005 Bonds which are being amortized through 2019

Authority's Variable Debt Capacity

Staff anticipates the need for variable debt capacity requirements of \$225 million through FY 2020, which includes consideration of:

- Interim funding of the Parking Plaza prior to the 2017 Bond issuance
- Interim funding of the FIS Development prior to a Bond issuance (2017 or 2018 depending upon market conditions)
- Potential interim funding of FY18-FY22 Capital Plan
- Continuing amortization of \$16.8 million AMT and \$15.7 million Taxable Revolving Obligations

Request for Proposal Results

The Authority timed the RFP to coincide with the Underwriter RFP and received a strong response:

- 6 respondents proposed direct pay letters of credit to support a new Commercial Paper Program with terms of 2 to 5 years
- 2 respondents proposed revolving lines of credit with terms of 3 years
- 1 respondents proposed direct purchase revolving drawdown bonds with a 3 year term
- 3 respondents proposed fixed and Variable rate loans (each for approximately \$32.5 million to refund the outstanding AMT and taxable Commercial Paper notes)

Request for Proposal Results

The highest ranked proposal was from US Bank for a revolving line of credit for up to \$125 million with the following terms:

- \$125 million capacity; 3 year term (unchanged from existing agreement)
- Tax Exempt pricing: 75% of one-month LIBOR + 42 bps (unchanged)
- Taxable pricing: One-month LIBOR + 60 bps (unchanged)
- Unutilized Pricing: 30 bps (decrease of 7 bps)

The second highest ranked proposer was from RBC Capital Markets (RBCCM) for Revolving draw down bond program (RDB) for up to \$100 million with the following terms:

- \$100 million capacity; 3 year term
- Non-AMT pricing: SIFMA* + 57 bps
- AMT pricing: SIFMA + 64 bps
- Unutilized Pricing: 22.5 bps

*a 7-day high-grade market index comprised of tax-exempt Variable Rate Demand Obligations

Revolving Drawdown Bond (RDB)

RBCCM's version of a tax-exempt revolving line of credit

- \$100 million Contractual commitment to provide the Airport with funds upon request
- Revolving credit agreement is in the form of a committed loan whereas RDB is a commitment to purchase tax-exempt bonds at a set interest rate (variable index + spread)
- RBCCM would purchase the bonds from the Authority and then sell the bonds to its affiliate, RBC Municipal Products (RBCMP)

Program Documents

Final terms have been agreed with US Bank and RBCCM. Documents required to implement Revolving Credit Variable Rate Program:

Amendment to the Revolving Credit Agreement with US Bank amending pricing terms and extending agreement for three years

Draft Bond Purchase Agreement with RBCCM

- Sets Forth the obligation of RBCCM to purchase the bonds under the RDB program

Program Documents (cont.)

Draft Bondholder Agreement with RBCMP

- Sets forth the key terms including the \$100M commitment and 3 year term and the Authority's payment obligations, covenants and warranties

Draft Fourth supplemental subordinate indenture

- Financing document that will set forth the general terms of the bonds including the pricing and security pledge

Recommendation and Requested Actions

Staff recommends that the Board:

- Adopt Resolution No. 2017-XXXX:

1. Revolving Credit Variable Rate Program

The incurrence of Subordinate Obligations in the form of the revolving line of credit from US Bank in an aggregate principal amount not to exceed \$125,000,000 outstanding at any one time and a Flexible Drawdown Bond program from RBC Capital Markets in an aggregate principal amount not to exceed \$100,000,000 to provide an interim funding source for future capital projects

2. Extension of and Amendment to the US Bank Revolving Line of Credit

Authorization for the President/CEO to execute an Amendment to the existing Revolving Credit Agreement with US Bank to reflect the agreed terms and extend the credit commitment for 3 years

Recommendation and Requested Actions

3. Bond Purchase Agreement with RBCCM, Bondholder's Agreement with RBCCM and Fourth Supplemental Subordinate Indenture with Subordinate Trustee

Authorization for the President/CEO to execute these agreements with RBCCM, RBCCM and Subordinate Trustee reflecting the agreed terms

4. Additional authorization is granted for the President/CEO to (a) negotiate and execute an extension to the US Bank Revolver for up to three years with the same or advantageous financial terms and provisions, and (b) negotiate and execute and extension to the RBC RDB program for up to three years with the same or advantageous financial terms and provisions

Questions



STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

**Fiscal Year 2017 Second Quarter Activities Report and Audit Recommendations
Issued by the Office of the Chief Auditor**

Recommendation:

The Audit Committee recommends that the Board accept the report.

Background/Justification:

The Charter for the Office of the Chief Auditor was approved by the San Diego County Regional Airport Authority Board on October 2, 2003, Resolution No. 2003-062, establishing the roles, responsibilities, and working relationship of the Chief Auditor with the Audit Committee and with Authority management.

The Charter for the Office of the Chief Auditor was subsequently revised by the Authority Board on July 8, 2004, Resolution No. 2004-0060; March 4, 2010, Resolution No. 2010-0022R; and September 4, 2014, Resolution No. 2014-0089. Revisions intended to further clarify the roles of the Chief Auditor in conformance with the Charter of the Audit Committee on matters of the Authority's external auditor's annual financial statements audit and to reflect current operational practices performed by the Chief Auditor's department.

The Charter directs the Office of the Chief Auditor to periodically communicate to the Audit Committee with respect to management's systems of control, audit findings, management's responses, and including any steps adopted to resolve a noted issue.

The attached Fiscal Year 2017 Second Quarter Activity Report (Attachment A) summarizes the undertakings and accomplishments of the Chief Auditor's office from October 1, 2016, through December 31, 2016.

During the second quarter, the Office of the Chief Auditor completed five (5) audits of the Fiscal Year 2017 Audit Plan and issued five (5) recommendations. Appendix B of the activity report provides the status of audit recommendations awaiting implementation that were issued by the Office of the Chief Auditor.

A presentation on the Second Quarter activities of the Office of the Chief Auditor was provided during a meeting of the Audit Committee on February 13, 2017. The Audit Committee voted unanimously to forward the report to the Board for information.

Fiscal Impact:

None

Authority Strategies:

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

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

Environmental Review:

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

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

Application of Inclusionary Policies:

Not applicable

Prepared by:

MARK A. BURCHYETT
CHIEF AUDITOR

FISCAL YEAR 2017 SECOND QUARTER REPORT



February 3, 2017

Fiscal Year 2017 Second Quarter Report

Paul Robinson, Chair
Audit Committee
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, California 92138-2776

Dear Mr. Robinson:

The Office of the Chief Auditor (OCA) presents our Fiscal Year 2017 Second Quarter Report. The report details both the audit and administrative activities of the OCA during the second quarter of Fiscal Year 2017, the resolutions of past audit findings, and information regarding the future plans of the OCA.

The Second Quarter Report will be presented at the next Audit Committee meeting scheduled for February 13, 2017.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Mark A. Burchyett", is written over a horizontal line.

Mark A. Burchyett
Chief Auditor

Audit Results

During the second quarter, the OCA began work, as authorized by the Audit Committee, on audits contained within the Fiscal Year 2017 Audit Plan. In total, during the second quarter, the OCA issued five (5) audit reports. The audit reports issued during the quarter included five (5) recommendations for management, which dealt with areas that could be improved upon regarding the management of contractors and underpayment from a rental car operator. The completed audits for the first quarter are listed in Figure 1 below.

Figure 1: Audits Completed During the Second Quarter of Fiscal Year 2017

| Audit | Report No. | Date | Type of Audit |
|--------------------------------|------------|------------|------------------|
| SP Plus Corporation | 17008 | 10/14/2016 | Expense Contract |
| Orion Construction Corporation | 17007 | 11/16/2016 | Expense Contract |
| Avis Budget Car Rental, LLC | 17017 | 11/17/2016 | Revenue Contract |
| The Jones Payne Group, Inc. | 17010 | 11/28/2016 | Expense Contract |
| Airport Lost and Found | 17004 | 11/29/2016 | Internal Process |

In addition to the completed audits, the Office of the Chief Auditor had ten (10) audits in progress as of December 31, 2016, as shown in Figure 2 below. Of the 10 audits, at the end of the quarter, two (2) draft audit reports were being developed or had been forwarded to the affected departments for review and comment.

Figure 2: Audits In-Progress as of December 31, 2016

| Audit | Type of Audit |
|---|------------------|
| Aircraft Rescue and Fire Fighting (ARRF) | Expense Contract |
| Airlines & Others (Ogden Aviation) | Revenue Contract |
| Austin/Sundt | Expense Contract |
| Enterprise Rent A Car Company (Enterprise, Alamo, National) | Revenue Contract |
| Fox Rent A Car | Revenue Contract |
| JC Decaux, Inc. | Revenue Contract |
| Process Control - Airport Development & Construction | Internal Process |
| San Diego Unified Port District Billing - FY16 | Expense Contract |
| Spa Didacus Inc. (RP 5) | Revenue Contract |
| The Hertz Corporation | Revenue Contract |

Recommendation Follow-Up

To ensure that audit issues are addressed in a timely manner, the OCA tracks the status of its recommendations on an on-going basis. For the quarter, the OCA tracked the implementation status of 19 recommendations that were issued during Fiscal Year 2017, or were outstanding as of June 30, 2016. As shown in Figure 3 below, ten (10) of the recommendations have been completed or implemented while nine (9) remain outstanding.

See Appendix B for a complete listing of all outstanding recommendations and their status.

Figure 3: Status of Recommendations as of December 31, 2016

| Recommendations: | | | | |
|-------------------------|------------------|--------------------|-------------|---------------------|
| Tracked | Completed | In Progress | Open | Not Accepted |
| 19 | 10 | 9 | 0 | 0 |

In tracking recommendations the OCA uses the following designations:

- **Completed:** This designation is used for recommendations that the OCA has determined to be adequately implemented or for recommendations where alternate action is taken that adequately addresses the risk identified.
- **In Progress:** These recommendations have been partially addressed or partial corrective action has been taken. If adequate progress is not being made, it will be noted as such.
- **Open:** This category of recommendations have not yet been addressed. Usually, this designation is used when there has not been adequate time between report issuance and recommendation follow-up.
- **Not Accepted:** This designation is used for recommendations that an auditee does not accept; and, therefore, will not implement. This category can represent a failing on the part of the OCA, as all recommendations should be workable and acceptable to the affected departments.

In Fiscal Year 2016, we began to identify and measure an expected completion timeframe for each recommendation. Figure 4 below shows the status of recommendations issued along with our estimated implementation timeframe.

Figure 4: Status of Recommendations with Estimated Implementation Timeframe

| Estimated Completion Timeframe | Completed Within Estimate | Completed Outside Estimate | Outstanding | Total |
|---------------------------------------|----------------------------------|-----------------------------------|--------------------|--------------|
| Zero to 6 Months | 7 | 0 | 2 | 9 |
| 6 Months to 1 Year | 2 | 0 | 5 | 7 |
| Over 1 Year | 1 | 0 | 2 | 3 |
| Total | 10 | 0 | 9 | 19 |

It appears that adequate progress is being made with the majority of recommendations. The OCA will continue its monthly tracking of their status. Specifically, the non-completion of the "In Progress" recommendations should not have a material adverse effect on the Authority.

Non-Audit Activities

Along with the audit activities detailed above, the Office of the Chief Auditor continues its involvement in several non-audit projects and activities. Specifically, the OCA was involved in the following:

Audit Committee:

The OCA served as liaison to ensure that all agenda item reports, attachments, and presentations, were properly submitted for the Audit Committee meeting held on December 5, 2016. During that meeting, the Committee received the Fiscal Year Ended June 30, 2016, external audit reports, the Comprehensive Annual Financial Report (CAFR), and the OCA presented its Fiscal Year 2017 First Quarter Activities Report. The next Audit Committee meeting is scheduled for February 13, 2017.

Construction Audit Activity:

During the second quarter of Fiscal Year 2017, the OCA continued its Construction Audit activity independent of the Annual Audit Plan. The OCA Construction Auditor is also performing the audit of *Process Control – Airport Development & Construction Department* (ADC) as part of the Fiscal Year 2017 OCA Annual Audit Plan. Working closely with the ADC staff to review their procedures and the controls surrounding their processes is beneficial to both the OCA and the ADC team.

Construction Audit activity for the second quarter of 2017 consisted of the continuation of the closeout audit of the Green Build. The review of the payments for the terminal GMP with the Turner-PCL-Flatiron Joint Venture are in process and the remaining audit of closeout activities for the Kiewit/Sundt Joint Venture contract and the Turner-PCL-Flatiron Joint Venture contracts are ongoing.

Through attendance at the Capital Improvement Committee meetings, Development Program meetings, Parking Plaza Stakeholders meetings, and other construction planning related meetings; and, working closely with members of the Accounting and the Business & Financial Management Departments, the OCA Construction Auditor continues to provide assistance in ensuring that the Authority is meeting compliance requirements for ongoing and planned projects. Additionally, the OCA Construction Auditor remains involved with issues identified by the Airport Design and Construction team, Facilities Development team, and Authority Management, providing assistance and attending meetings specific to the aspects of the Authority's construction activity.

Ethics Compliance Program:

During the quarter, there was little activity through the Ethics Hotline and the Ethics Violation Form available on-line. A new ethics training program has been developed and is currently in the process of being presented to all Authority departments. A summary of the Ethics Program Hotline activities for the period October 1, 2016, through December 31, 2016, is provided in Appendix A.

Training:

During the second quarter, OCA staff members attended the National Association of Construction Auditors (NACA) Project Control Symposium, the Institute of Internal Auditors (IIA) seminar for internal auditing, and numerous self-paced and internet-based training courses, including Cost Principals for Government, How to Apply Analytical Procedures in Auditing, and How to Identify Technological Threats.

Performance Measures

The OCA establishes performance measures each year to provide a benchmark to gauge its success. The five (5) performance measures for Fiscal Year 2017, along with their current status, are detailed below in Figure 5.

Figure 5: Status of Performance Measures as of December 31, 2016

| Performance Measure | Goal | Progress as of December 31, 2016 |
|---|------------------|----------------------------------|
| Percentage of the audit plan completed annually | 100% | 40% |
| Additional revenue/cost savings identified through audits | n/a | \$126,497 |
| Percentage of staff time spent on audit activities | 80% ¹ | 81% |
| Percentage of audits completed within budgeted time | 80% | 82% |
| Implementation of Recommendations | 90% | 53% |

Percentage of the audit plan completed annually: This measure provides information on what has been accomplished regarding the planned audit projects for the year. To date the OCA has completed 40% of the plan and an additional 25% of the audit plan is currently in-progress. We also have established quarterly goals for the completion of our audit plan. For the second quarter, we had a completion goal of 59% of the audit plan.

Additional revenue/cost savings identified: While the value of an audit cannot be adequately assessed by this performance measure, it does provide quantifiable values for completed audits. During the second quarter of Fiscal Year 2017 we identified \$126,497 in additional revenue, as noted in Figure 6 below:

Figure 6: Revenue and Cost savings Identified in FY 2017

| Audit | Revenue Identified | Revenue Collected |
|-----------------------------|--------------------|-------------------|
| Avis Budget Car Rental, LLC | \$86,905 | \$0 |
| Duty Free Americas | \$39,592 | \$0 |
| Total | \$126,497 | \$0 |

Percentage of staff time spent on audit activities: This measure helps ensure that the OCA spends an adequate amount of time on audit activities rather than administrative activities. To date, the OCA is over its current goal of 80%.

Percentage of audits completed within budgeted time: This category monitors how efficient audit staff is in performing their audits. Specifically, audit staff is held accountable to the internally prepared audit budgets for each project. However, it recognizes that budgets may

¹ This is the percentage of time staff spends on audit projects, construction audit activities, training, and the Ethics Program, vs. total staff time worked.

need adjustment(s) as additional facts become known during an audit. For the fiscal year to date, the OCA is just over its goal, completing 82% of its projects within the budgeted time.

Implementation of Recommendations: This goal measures the value that the OCA is providing to the Authority by measuring how audit recommendations have impacted the Authority. For the fiscal year, 10 of 19 recommendations were implemented. While the percentage of implemented recommendations is under our goal, we are on track to achieve the goal, with an aim to have 90% of our recommendations implemented within the year. Additionally, there have been no recommendations issued this fiscal year that have exceeded our estimated completion time.

Going Forward

For completion during the third quarter of Fiscal Year 2017, the OCA has targeted all of the audits currently in progress and three (3) additional audits. The completion of these audits will result in the accomplishment of 73% of the Fiscal Year 2017 Audit Plan. Figure 7 identifies the audits scheduled for completion in the third quarter.

Figure 7: Audits Scheduled for Completion in the Third Quarter of Fiscal Year 2017

| Audit | Type of Audit |
|---|------------------|
| Ace Parking | Revenue Contract |
| Aircraft Rescue and Fire Fighting (ARRF) | Expense Contract |
| Airlines & Others (Ogden Aviation) | Revenue Contract |
| Austin/Sundt | Expense Contract |
| Emergency Medical Technician & Paramedic Services | Expense Contract |
| Enterprise Rent A Car Company (Enterprise, Alamo, National) | Revenue Contract |
| Fox Rent A Car | Revenue Contract |
| Gate Gourmet | Revenue Contract |
| JC Decaux, Inc. | Revenue Contract |
| Process Control - Airport Development & Construction | Internal Process |
| San Diego Unified Port District Billing - FY16 | Expense Contract |
| Spa Didacus Inc. (RP 5) | Revenue Contract |
| The Hertz Corporation | Revenue Contract |

Ethics Hotline

October 1, 2016 – December 31, 2016

| | Number of Reports Received | Number Received Anonymously | Details Support Potential Code Violation (Ethics or Workplace) | Investigation of Concern | Response (email or phone to non-anonymous reports) |
|-----------------------------------|----------------------------|-----------------------------|--|--------------------------|--|
| General Workplace Concerns | | | | | |
| Workplace Practices/Behavior | 2 | 1 | 2 | 2 | 1 |

| Rec. No. | Department Name | Audit Report Description | Risk Score | Risk | Recommendation | Status as of December 31, 2016 | OCA's Assessment | Estimated Completion Date | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------|--|---|---------------|-----------------------------|---|--|------------------|---------------------------|-------|-----------|--|--|--|--------------|------------|-----------|------------|-----------|--|--|--|-----|---------|--------|--------|-----------|--|--|--|-------------|---------------|--------------|---------------|-------|----------|----------|----------|--|-------------|------------------|
| 16-07 | BUSINESS AND FINANCIAL MANAGEMENT DEPARTMENT | Audit Report 16020, dated June 14, 2016, Midway Rent A Car, Inc. | 18 | Impact: 9 Probability: 9 | The Business and Financial Management Department should request that the Accounting Department issue an invoice to Midway in the amount of \$435,783, for the underpayment of license fees due to the reclassification of non-airport revenue to airport revenue. | Discussions with Midway have continued. Midway and Business and Financial Management are schedule to meet again on February 8, 2017. | In Progress | 3rd Quarter FY17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16-04 | INFORMATION & TECHNOLOGY SERVICES DEPARTMENT | Audit Report 16005, dated February 29, 2016, Information Technology Monitoring and Evaluation | 17 | Impact: 9 Probability: 8 | Information & Technology Services Department should implement a proactive and systematic program for evaluating and monitoring compliance to IT cybersecurity policies. | The statement of work to implement the NIST Cyber Security Framework has been completed. | In Progress | October 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15-31 | BUSINESS AND FINANCIAL MANAGEMENT DEPARTMENT | Audit Report 16018, dated December 23, 2015, DTG Operations, Inc., dba Thrifty and Dollar | 14 | Impact: 7 Probability: 7 | <div>Business and Financial Management should request that Accounting generate an invoice to DTG in the amount of \$35,847, as detailed below:</div> <table><tr><th></th><th>Dollar</th><th>Thrifty</th><th>Total</th></tr><tr><td colspan="4">Finding 1</td></tr><tr><td>License Fees</td><td><\$12,383></td><td><\$4,449></td><td><\$16,832></td></tr><tr><td colspan="4">Finding 2</td></tr><tr><td>CFC</td><td><2,052></td><td>18,011</td><td>15,959</td></tr><tr><td colspan="4">Finding 3</td></tr><tr><td>Non-Airport</td><td><u>27,476</u></td><td><u>9,244</u></td><td><u>36,720</u></td></tr><tr><td>Total</td><td>\$13,041</td><td>\$22,806</td><td>\$35,847</td></tr></table> | | Dollar | Thrifty | Total | Finding 1 | | | | License Fees | <\$12,383> | <\$4,449> | <\$16,832> | Finding 2 | | | | CFC | <2,052> | 18,011 | 15,959 | Finding 3 | | | | Non-Airport | <u>27,476</u> | <u>9,244</u> | <u>36,720</u> | Total | \$13,041 | \$22,806 | \$35,847 | An agreement has been reached on the amount owed. Business and Financial Management will provide billing instructions to Accounting pending a final memo from the OCA. | In Progress | 3rd Quarter FY17 |
| | Dollar | Thrifty | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Finding 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| License Fees | <\$12,383> | <\$4,449> | <\$16,832> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Finding 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CFC | <2,052> | 18,011 | 15,959 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Finding 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-Airport | <u>27,476</u> | <u>9,244</u> | <u>36,720</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | \$13,041 | \$22,806 | \$35,847 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16-03 | INFORMATION & TECHNOLOGY SERVICES DEPARTMENT | Audit Report 16005, dated February 29, 2016, Information Technology Monitoring and Evaluation | 12 | Impact: 6 Probability: 6 | Information & Technology Services Department should take immediate measures to identify and protect data and systems by implementing comprehensive IT Cybersecurity policy. | The ITS Cybersecurity Policy has been completed. We are working with an consultant that will assist with the development of the supporting procedures and processes. | Completed | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Rec. No. | Department Name | Audit Report Description | Risk Score | Risk | Recommendation | Status as of December 31, 2016 | OCA's Assessment | Estimated Completion Date |
|----------|--|--|------------|-----------------------------|---|---|------------------|---------------------------|
| 15-29 | BUSINESS AND FINANCIAL MANAGEMENT DEPARTMENT | Audit Report 16030, dated December 8, 2015, NewZoom, Inc. dba ZoomSystems | 11 | Impact: 5 Probability: 6 | Monitoring of requirements of each concessionaire lease agreement needs to be strengthened and well documented. Differences in processes used by concessionaires should be analyzed for adequacy to determine if they provide the outcome that the Authority is actually seeking. The pricing and product processes used by ZoomSystems appear to be reasonable and ones that can be easily monitored by the Authority, but the lease should be changed to reflect the processes used. | Negotiations and a final agreement with Zoom have been reached. Final executable documents are being processed. | In Progress | 3rd Quarter FY17 |
| 16-08 | PROCUREMENT DEPARTMENT/ AUTHORITY MANAGEMENT | Audit Report 16001, dated June 21, 2016, Contract Management | 11 | Impact: 6 Probability: 5 | Authority Management should ensure that a complete formal contract management procedure manual is in place in all departments to ensure compliance with Board policies, consistent practices, and proper internal controls. Manuals should be reviewed and updated as needed, on a regular basis, preferably at least every two years. | | | |
| 16-05 | BUSINESS AND FINANCIAL MANAGEMENT DEPARTMENT | Audit Report 16004, dated March 30, 2016, Grant & Non-Airline Revenue Management | 9 | Impact: 5 Probability: 4 | The Business and Financial Management Department (BFM) should expand and enhance documentation pertaining to the grant management program. In addition, the current grant manual should be updated and reviewed and formal training should be conducted periodically, to ensure consistent knowledge of procedures and regulations and to provide guidance for employee(s), including required documents needed by the employee(s) to complete their job duties, as well as the assignment of responsibility for tasks and actions. | A training session was conducted in October. Additional sessions are on-going. Grants management documentation is being expanded to include grant assurances and obligations (such as Title VI). Evaluation and tracking tools are being created. | In Progress | 3rd Quarter FY17 |
| 17-01 | ACCOUNTING DEPARTMENT | Audit Report 15004, dated July 11, 2016, Business and Travel Expenses | 9 | Impact: 5 Probability: 4 | The Accounting Department should continue with their current review activities, but, consider reminding employees of the need for President/CEO approval of in-town meals with contractors, proper use of P-cards when holding hotel room reservations, and of the requirement for submitting reimbursement of unused travel advances. | The recommendation is being integrated in the required FY17 Annual Employee Business and Travel Expense training. | In Progress | 3rd Quarter FY17 |

| Rec. No. | Department Name | Audit Report Description | Risk Score | Risk | Recommendation | Status as of December 31, 2016 | OCA's Assessment | Estimated Completion Date |
|----------|----------------------------------|---|------------|-----------------------------|--|--|------------------|---------------------------|
| 17-06 | GROUND TRANSPORTATION DEPARTMENT | Audit Report 17008, dated October 14, 2016, SP Plus Corporation | 9 | Impact: 5 Probability: 4 | Ground Transportation (GT) should request that the Accounting Department bill SP Plus \$3,204 for reimbursement of administrative fees not allowed by the contract. Additionally, GT should take steps to ensure that disallowed fees and expenses are not included in future payments to SP Plus. | At the time of the audit Ground Transportation stated that SP Plus will cease applying a 3% administrative fee to pass through invoices with the exception of the 15% fee that is allowed in the contract for gate system repairs and maintenance. SP Plus will account for all administrative fees that have been billed year to date and credit that amount on the September invoice. SP Plus will work with Ground Transportation to include language in a pending contract amendment to expand the allowed reimbursable expenses to include charter services, emergency facility repairs, and other anticipated and reasonable expenses. | Completed | N/A |
| 17-07 | GROUND TRANSPORTATION DEPARTMENT | Audit Report 17008, dated October 14, 2016, SP Plus Corporation | 8 | Impact: 5 Probability: 3 | For future Additional Services requests, Ground Transportation should require SP Plus to provide a detailed work-plan with a not-to-exceed budget for review and approval by the Authority. In addition, Ground Transportation should ensure that a Notice to Proceed is issued to SP Plus before any additional services are performed or provided. | At the time of the audit Ground Transportation stated that SP Plus will work with Ground Transportation to identify the need for a detailed work-plan, its appropriate content and format and budget. A detailed work plan and a not-to-exceed budget will be submitted to the Authority for approval before a written NTP is issued. | Completed | N/A |

NOTE: Risk Score is based upon the combined scores of Impact and Probability. Both Impact and Probability are ranked on a scale of 1-10, with maximum possible scores (highest risk) of 10, and a maximum possible combined score of 20.

| Rec. No. | Department Name | Audit Report Description | Risk Score | Risk | Recommendation | Status as of December 31, 2016 | OCA's Assessment | Estimated Completion Date |
|----------|--|--|------------|---------------------------------------|---|--|------------------|---------------------------|
| 17-08 | GROUND TRANSPORTATION DEPARTMENT | Audit Report 17008, dated October 14, 2016, SP Plus Corporation | | Impact: Probability: | Ground Transportation should ensure that their contract management and monitoring procedures include a requirement to review and confirm that the monthly odometer readings are accurate by matching the prior month-ending odometer readings to the current month-starting odometer readings. To further check the accuracy of the odometer readings, Ground Transportation should randomly, on a monthly or quarterly basis, check and note the actual end of the month-ending odometer readings of the shuttle vehicles to ascertain the accuracy of the readings submitted by SP Plus. In addition to this, Ground Transportation should also require SP Plus to include in their invoices the deadhead miles per shuttle vehicle to properly account for the difference between elapsed miles, or the total miles less in-service miles. | At the time of the audit Ground Transportation stated that the decision was made to equip the entire fleet (El Dorados and Gilligs) with new, programmable, hub-odometers. The use of programmable hub-odometers allows the new odometer to be installed with the existing mileage programmed resulting in more consistent and understandable mileage readings. This changeover will eliminate future mileage discrepancies. | Completed | N/A |
| 17-09 | BUSINESS AND FINANCIAL MANAGEMENT DEPARTMENT | Audit Report 17017, dated November 17, 2016, Avis Budget Car Rental, LLC | | Impact: Probability: | In order to address the above issues, we recommend that the Business and Financial Management Department request that the Accounting Department issue an invoice to Avis in the amount of \$85,430 for the net underpayment of concession fees. | Avis is providing documentation for consideration as they believe the \$85,430 finding may be inadvertently misstated. Avis has confirmed, moving forward any potential discrepancies noted within the Audit have been corrected. | In Progress | 3rd Quarter FY17 |
| 17-10 | BUSINESS AND FINANCIAL MANAGEMENT DEPARTMENT | Audit Report 17017, dated November 17, 2016, Avis Budget Car Rental, LLC | | Impact: Probability: | We recommend that the Business and Financial Management Department develop a process to ensure that the Use & Occupancy Permit fixed rent is adjusted every July 1 of each calendar year using the Consumer Price Index, and determine if the underpayment of \$1,475 should be collected retroactively. | Business and Financial Management is working with IT to improve the process and management of critical dates. | In Progress | 4th Quarter FY17 |

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Award and Authorize the President/CEO to Execute a Contract with Aaron T. Stephan to Design, Produce and Install Integrated Artwork for the FIS Atrium Suspended Public Art Opportunity

Recommendation:

Adopt Resolution No. 2017-0030, awarding and authorizing the President/CEO to execute a contract with Aaron T. Stephan to design, produce and install integrated artwork for the FIS Atrium Suspended Public Art Opportunity in an amount not-to-exceed \$300,000.

Background/Justification:

Authority Policy 8.50 provides that two percent of construction costs of eligible projects be allocated for public art. Eligible projects include terminals, landside and other specified construction. A separate Airport Art Program Fund was established to pool funds allocated from all eligible projects.

An established process is followed for each public art opportunity in accordance with Authority Policy 8.50. Artist Selection Panels established by the Airport Art Advisory Committee review and recommend an artist or artist team for each public art opportunity. Artist Selection Panel members may include Authority Board members, local and national artists, design professionals, and representatives of the business community. Special attention is given to ensuring disciplinary, institutional and cultural diversity.

In collaboration with the Airport Design & Construction Department, the Airport Art Program has been presented with an opportunity to facilitate a new public art opportunity. The requested opportunity is for one artist or artist team to create a public art project for the FIS. The artwork is expected to feature a suspended artwork that communicates a sense of welcome within the meeter/greeter area of the FIS facility. The recommended artists will collaborate with the FIS design team members to implement their project at the site.

The Authority issued the Request for Qualifications for the Federal Inspection Services Facility (FIS) Public Art Projects on January 6, 2017. The RFQ included two unique opportunities for the FIS: the Glass Partition Wall Artwork and Atrium Suspended Artwork. As usual, notice of the business opportunity was made in the *Daily Transcript*, and the Authority's Website. Public Notices were sent to 900 potential Respondents in addition to being distributed through prominent public art channels including Forecast Public Art, PublicArtist.org, and Americans for the Arts' Public Art Network Listserv. A pre-submittal meeting was held on January 24, 2017 and attended by 12 artists. A total of eight-nine (89) statements of qualifications were received on February 8, 2017; 41 for the Glass Partition Wall Artwork and 48 for the Atrium Suspended Artwork. Of them, 67

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submittals were found to be responsive; 29 for the Glass Partition Wall Artwork and 38 for the Atrium Suspended Artwork.

The Artist Selection Panel consisted of the following art and design professionals:

Amy Landesberg (Artist), Sam Mellon (Principal, Micronaut), Ron Miriello (Principal, Miriello brand expression), and Sarah Trujillo-Porter (Associate Director, Quint Gallery).

The four highest scoring artists were invited to interview and present a conceptual proposal on March 15, 2017. Each artist was asked to respond to a specific list of questions, which targeted the evaluation criteria presented in the RFQ. A summary of the Panelist's findings and final recommendation are presented below:

| Final Rank | Panelist 1 | Panelist 2 | Panelist 3 | Panelist 4 | Total | Rank |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|--------------|-------------|
| Aaron T Stephan | 3 | 1 | 1 | 1 | 6 | 1 |
| Cliff Garten and Associates, Inc | 2 | 3 | 4 | 2 | 11 | 3 |
| Volkan Alkanoglu Design LLC | 4 | 4 | 3 | 3 | 14 | 4 |
| Xiaoman (Nova) Jiang | 1 | 2 | 2 | 4 | 9 | 2 |

| Combined Combined Scores | SB Preference | Quality, Creativity and Strength of Conceptual Proposal | Appropriateness of materials | Ability to communicate effectively | Flexibility in approach | Total |
|-------------------------------------|--------------------------|--|---|---|--|--------------|
| Aaron T Stephan | 0 | 1295 | 900 | 780 | 640 | 3615 |
| Cliff Garten and Associates, Inc | 0 | 1050 | 800 | 620 | 560 | 3030 |
| Volkan Alkanoglu Design LLC | 0 | 945 | 750 | 560 | 480 | 2735 |
| Xiaoman (Nova) Jiang | 0 | 1225 | 825 | 720 | 720 | 3490 |

The recommended artist for this opportunity is Aaron T. Stephan, Portland, Maine-based artist whose public art practice aspires to be responsive and catalytic; conceived as integral to the space but capable of generating new dialogues with the viewer with each repeated experience. The panel recognized Stephan's ability to effectively communicate his aesthetic priorities and approach, his experience with projects of comparable size and complexity, and his innovative, in-studio fabrication techniques. The panel felt his proposal offered the most compelling use of the space and presented unique experiences for viewers from both interior and exterior perspectives, thereby resolving that he is the most qualified artist for this project.

Fiscal Impact:

Adequate funds for the public art opportunity with Aaron T. Stephan are included within the approved FY2017-FY2021 Capital Program Budget in Project No. 412001B, FIS – Public Art. Sources of funding for this project include variable rate debt and Authority cash.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:**Use of Policy 5.12:**

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

This contract does not utilize federal funds and provides limited opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses. Policy 5.12 provides a preference of up to five percent (5%) to small businesses in the award of selected Authority contracts. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$200,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance to Policy 5.12, the recommended firm Aaron T. Stephan did not receive the small business preference.

Prepared by:

LAUREN LOCKHART
ART PROGRAM MANAGER

RESOLUTION NO. 2017-0030

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARDING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A CONTRACT WITH AARON T. STEPHAN TO DESIGN, PRODUCE, AND INSTALL INTEGRATED ARTWORK FOR THE FIS ATRIUM SUSPENDED PUBLIC ART OPPORTUNITY IN AN AMOUNT NOT-TO-EXCEED \$300,000

WHEREAS, the Airport Arts Master Plan calls for artwork to be specific and integrated into the Airport; and

WHEREAS, Authority Policy 8.50 provides that 2% of construction costs of eligible projects be allocated for public art, which includes terminals, landside and other specified construction; and

WHEREAS, on January 6, 2017, the Authority issued a Request for Qualifications for the FIS Atrium Suspended public art opportunity; and

WHEREAS, forty-eight were received and the artist selection panel, established by the Art Advisory Committee comprised of art and design professionals, reviewed thirty-eight responsive submissions; and

WHEREAS, the evaluation panel ('Panel') for the FIS Atrium Suspended public art opportunity recommended Aaron T. Stephan be awarded an agreement to design, produce and install public art; and

WHEREAS, the Art Advisory Committee voted in favor of and forwarded the Panel's recommendation to the Board for approval.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby awards and authorizes the President/CEO to execute a contract with Aaron T. Stephan to design, produce, and install integrated artwork for the FIS Atrium Suspended public art opportunity in an amount not-to-exceed \$300,000; and

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of April, 2017, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Award and Authorize the President/CEO to Execute a Contract with Hood Design to Design, Produce and Install Integrated Artwork for the FIS Glass Partition Wall Public Art Opportunity

Recommendation:

Adopt Resolution No. 2017-0031, awarding and authorizing the President/CEO to execute a contract with Hood Design to design, produce and install integrated artwork for the FIS Glass Partition Wall Public Art Opportunity in amount not-to-exceed \$950,000.

Background/Justification:

Authority Policy 8.50 provides that two percent of construction costs of eligible projects be allocated for public art. Eligible projects include terminals, landside and other specified construction. A separate Airport Art Program Fund was established to pool funds allocated from all eligible projects.

An established process is followed for each public art opportunity in accordance with Authority Policy 8.50. Artist Selection Panels established by the Airport Art Advisory Committee review and recommend an artist or artist team for each public art opportunity. Artist Selection Panel members may include Authority Board members, local and national artists, design professionals, and representatives of the business community. Special attention is given to ensuring disciplinary, institutional and cultural diversity.

In collaboration with the Airport Design & Construction Department, the Airport Art Program has been presented with an opportunity to facilitate a new public art opportunity. The requested opportunity is for one artist or artist team to create a public art project for the FIS. The artwork is expected to feature an architecturally-integrated art glass treatment along the baggage claim hall of the FIS facility. The recommended artists will collaborate with the FIS design team members to implement their project at the site.

The Authority issued the Request for Qualifications for the Federal Inspection Services Facility (FIS) Public Art Projects on January 6, 2017. The RFQ included two unique opportunities for the FIS: the Glass Partition Wall Artwork and Atrium Suspended Artwork. As usual, notice of the business opportunity was made in the *Daily Transcript*, and the Authority's Website. Public Notices were sent to 900 potential Respondents in addition to being distributed through prominent public art channels including Forecast Public Art, PublicArtist.org, and Americans for the Arts' Public Art Network Listserv. A pre-submittal meeting was held on January 24, 2017 and attended by 12 artists. A total of eight-nine (89) statements of qualifications were received on February 8, 2017; 41 for the Glass Partition Wall Artwork and 48 for the Atrium Suspended Artwork. Of them 67 submittals were found to be responsive; 29 for the Glass Partition Wall Artwork and 38 for the Atrium Suspended Artwork.

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The Artist Selection Panel consisted of the following art and design professionals: Amy Landesberg (Artist), Sam Mellon (Principal, Micronaut), Ron Miriello (Principal, Miriello brand expression), and Sarah Trujillo-Porter (Associate Director, Quint Gallery).

The three highest scoring artists were invited to interview and present a conceptual proposal on March 15, 2017. Each artist was asked to respond to a specific list of questions, which targeted the evaluation criteria presented in the RFQ. A summary of the Panelist's findings and final recommendation are presented below:

| Firms | Panelist 1 | Panelist 2 | Panelist 3 | Panelist 4 | Total | Final Rank |
|----------------------|-------------------|-------------------|-------------------|-------------------|--------------|-------------------|
| Amy Ellingson | 3 | 3 | 3 | 2 | 11 | 3 |
| Hood Design | 1 | 1 | 1 | 1 | 4 | 1 |
| Catherine Wagner LLC | 2 | 2 | 2 | 3 | 9 | 2 |

| Combined Scores | SB Preference | Quality, creativity, and strength of proposal | Appropriateness of materials | Ability to communicate effectively | Flexibility in approach | Total |
|------------------------|----------------------|--|-------------------------------------|---|--------------------------------|--------------|
| Amy Ellingson | 0 | 910 | 850 | 640 | 480 | 2880 |
| Hood Design | 0 | 1400 | 1000 | 780 | 780 | 3960 |
| Catherine Wagner LLC | 0 | 1085 | 875 | 720 | 620 | 3300 |

The recommended artist for this opportunity is Hood Design, an-Oakland based art and design firm led by Creative Director Walter Hood, whose work emerges from an interest in the everyday patterns and practices that play out in the public realm. The panel appreciated Hood's demonstrated commitment to community engagement in creating his work and recognized tremendous potential for the San Diego community to be impacted by and involved in the development of his proposed project. They noted the storytelling element inherent within his proposal would appeal to a diverse audience. The panel resolved that he was the most qualified artist for this project.

Fiscal Impact:

Adequate funds for the public art opportunity with Hood Design are included within the approved FY2017-FY2021 Capital Program Budget in Project No. 412001A, FIS – Public Art. Sources of funding for this project include variable rate debt and Authority cash.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:**Use of Policy 5.12:**

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

This contract does not utilize federal funds and provides limited opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses. Policy 5.12 provides a preference of up to five percent (5%) to small businesses in the award of selected Authority contracts. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$200,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance to Policy 5.12, the recommended firm Hood Design did not receive the small business preference.

Prepared by:

LAUREN LOCKHART
ART PROGRAM MANAGER

RESOLUTION NO. 2017-0031

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARDING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A CONTRACT WITH HOOD DESIGN TO DESIGN, PRODUCE, AND INSTALL INTEGRATED ARTWORK FOR THE FIS GLASS PARTITION WALL PUBLIC ART OPPORTUNITY IN AN AMOUNT NOT-TO-EXCEED \$950,000

WHEREAS, the Airport Arts Master Plan calls for artwork to be specific and integrated into the Airport; and

WHEREAS, Authority Policy 8.50 provides that 2% of construction costs of eligible projects be allocated for public art, which includes terminals, landside and other specified construction; and

WHEREAS, on January 6, 2017, the Authority issued a Request for Qualifications for the FIS Glass Partition Wall public art opportunity; and

WHEREAS, forty-one were received and the artist selection panel, established by the Art Advisory Committee comprised of art and design professionals, reviewed twenty-nine responsive submissions; and

WHEREAS, the evaluation panel ('Panel') for the FIS Glass Partition Wall public art opportunity recommended Hood Design be awarded an agreement to design, produce and install public art; and

WHEREAS, the Art Advisory Committee voted in favor of and forwarded the Panel's recommendation to the Board for approval.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby awards and authorizes the President/CEO to execute a contract with Hood Design to design, produce, and install integrated artwork for the FIS Glass Partition Wall public art opportunity in an amount not-to-exceed \$950,000; and

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of April, 2017, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **APRIL 6, 201+**

Subject:

Approve and Authorize the President/CEO to Execute a Public Improvement Maintenance Agreement with the City of San Diego

Recommendation:

Adopt Resolution No. 2017-0032, approving and authorizing the President/CEO to negotiate and execute a Public Improvement Maintenance Agreement with the City of San Diego for an airport noise pole monitoring site.

Background/Justification:

The San Diego County Regional Airport Authority ("Authority") is subject to the State of California Public Utilities Code Title 21 requirements by providing uninterrupted noise monitoring of aircraft operating at San Diego International Airport ("Airport"). There are 23 airport noise pole monitoring sites ("monitoring sites") through the Airport's surrounding neighborhoods. Several of the existing monitoring sites have been in use since mid-1970 and the Authority has upgraded 19 of the 23 monitoring sites.

The monitoring sites are either located on private property, where the Authority has entered into an easement with private property owner or located within the City of San Diego's ("City") public right-of-way ("ROW"). Exhibit "A" shows one monitoring site that is in the process of being upgraded and is located in the ROW at 1650 8th Avenue in downtown San Diego.

All non-City improvements located in the ROW must obtain a Right of Way Permit ("Permit") from the City. As part of the Permit process, the Authority must execute a Public Improvement Maintenance Agreement ("Maintenance Agreement") with the City. Pursuant to the Maintenance Agreement, the Authority must maintain the monitoring site in a safe and sanitary condition, at the sole cost of the Authority, and defend, identify, protect and hold harmless the City if any claims or liabilities arise as a result of the monitoring site being located in the ROW. To date, the Authority has executed two Maintenance Agreements with the City. The first one was for seven monitoring sites located in the ROW and the second one for 55 Rental Car Center wayfinding signs also located in the ROW.

Fiscal Impact:

Adequate funding of the maintenance of the one monitoring site is included in the adopted FY 2017 and conceptually approved FY 2018 Operating Expense Budgets within the Repairs-Office Equipment & System line item.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:

Not Applicable

Prepared by:

SUSAN C. DIEKMAN
REAL ESTATE MANAGER

LOCATION OF NOISE MONITORING POLE IN THE PUBLIC RIGHT OF WAY

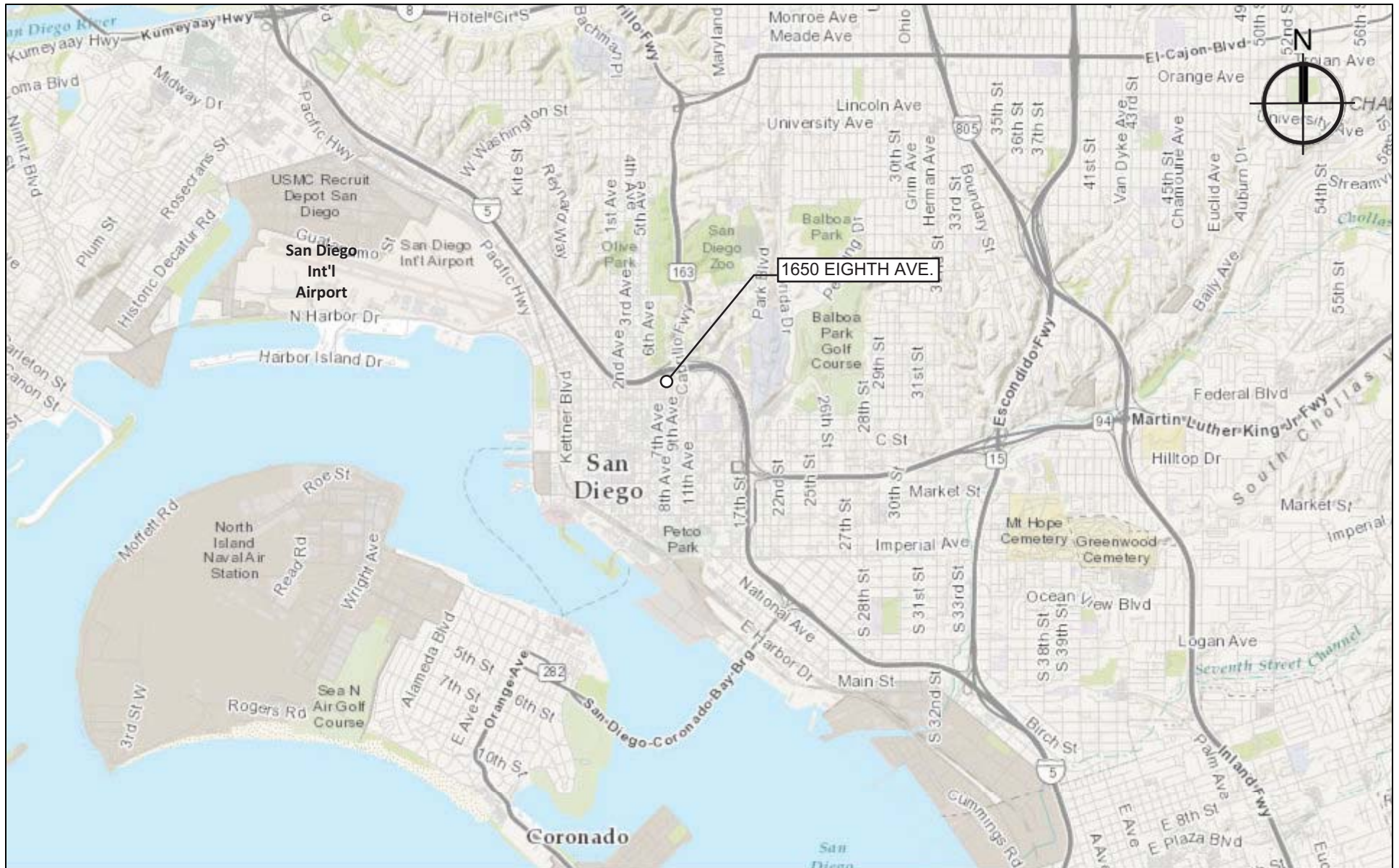


EXHIBIT "A"

RESOLUTION NO. 2017-0032

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY APPROVING AND AUTHORIZING THE
PRESIDENT/CEO TO NEGOTIATE AND EXECUTE
A PUBLIC IMPROVEMENT MAINTENANCE
AGREEMENT WITH THE CITY OF SAN DIEGO FOR
AN AIRPORT NOISE POLE MONITORING SITE

WHEREAS, the San Diego County Regional Airport Authority (“Authority”) is subject to the State of California Public Utilities Code Title 21 requirements and must provide uninterrupted noise monitoring of aircraft operating at San Diego International Airport (“Airport”); and

WHEREAS, the Authority has 23 airport noise pole monitoring sites (“monitoring sites”) located either on private property or within the public right-of-way (“ROW”); and

WHEREAS, the Authority is upgrading one monitoring site that is located in the ROW; and

WHEREAS, the Authority must obtain a Right of Way Permit (“Permit”) from the City of San Diego (“City”) to upgrade the monitoring site within the ROW and as part of the Permit process the Authority must execute a Public Improvement Maintenance Agreement (“Maintenance Agreement”) with the City; and

WHEREAS, the Maintenance Agreement states the Authority must maintain the monitoring site in a safe and sanitary condition at the sole cost of the Authority and defend, indemnify, protect and hold harmless the City.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to negotiate and execute a Public Improvement Maintenance Agreement with the City of San Diego for an airport noise pole monitoring site; and

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of April 2017, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Approve and Authorize the President/CEO to Execute a Second Amendment to the Professional Legal Services Agreement with Best Best & Krieger

Recommendation:

Adopt Resolution No. 2017-0033 approving and authorizing the President/CEO to execute a Second Amendment to the Agreement with Best Best & Krieger LLP for Professional Legal Services extending the term for one year and increasing the compensation amount by \$200,000 for a total not-to-exceed amount of \$800,000

Background/Justification:

On July 12, 2012, the Board awarded a general legal services agreement to Best Best & Krieger ("Law Firm") for a term of 3 years with 2 one-year options to renew and a not-to-exceed amount of \$300,000. [Resolution No. 2012-0075]. On May 21, 2015, the Board authorized a First Amendment to the Agreement increasing the compensation amount by \$300,000 to allow the Law Firm to continue representing the Authority in the case entitled Diego Concession Group LLC v. San Diego County Regional Airport Authority, et al. (Superior Court Case No. 37-2012-00088083-CU-BT-CTL). [Resolution No. 2015-0046].

The United States Navy is undertaking environmental clean-up of the Boat Channel which is located approximately 2.5 miles northwest of downtown San Diego and immediately west of San Diego International Airport. Thirty-three storm drains discharge into the Boat Channel from the former NTC Marine Corp Recruit Depot, San Diego International Airport and properties within the San Diego Unified Port District and the City of San Diego. The Navy proposes to clean up the Boat Channel by dredging and disposing contaminated sediment at a landfill. The Navy is seeking contribution from the Authority, the San Diego Unified Port District (Port) and the City of San Diego for clean-up costs. Law Firm jointly represents the Authority and the Port regarding these ongoing environmental issues. The General Counsel believes it is in the best interest of the Authority to continue to retain Law Firm to represent the Authority because of its knowledge of and involvement with the environmental issues along with its joint representation of the Authority and the Port.

Fiscal Impact:

Adequate funding for this agreement is included in the adopted FY 2018 and conceptually approved FY 2019 Operating Expense Budgets within the Contractual Services line item.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:

Not applicable.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL

RESOLUTION NO. 2017-0033

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A SECOND AMENDMENT TO THE AGREEMENT WITH BEST BEST & KRIEGER LLP FOR PROFESSIONAL LEGAL SERVICES EXTENDING THE TERM FOR ONE YEAR AND INCREASING THE COMPENSATION AMOUNT BY \$200,000 FOR A TOTAL NOT TO EXCEED AMOUNT OF \$800,000

WHEREAS, on July 12, 2012, the Board awarded a general legal services agreement to Best Best & Krieger LLP ("Law Firm") for a term of 3 years with 2 one-year options to renew and a not-to-exceed amount of \$300,000. [Resolution No. 2012-0075]; and

WHEREAS, on May 21, 2015, the Board authorized a First Amendment to the Agreement increasing the compensation amount by \$300,000 to allow the Law Firm to continue representing the Authority in the case entitled *Diego Concession Group LLC v. San Diego County Regional Airport Authority, et al.* (Superior Court Case No. 37-2012-00088083-CU-BT-CTL). [Resolution No. 2015-0046]; and

WHEREAS, the United States Navy is undertaking environmental clean-up of the Boat Channel which is located approximately 2.5 miles northwest of downtown San Diego and immediately west of San Diego International Airport; and

WHEREAS, the Navy proposes to clean up the Boat Channel by dredging and disposing contaminated sediment at a landfill; and

WHEREAS, the Navy is seeking contribution from the Authority, the San Diego Unified Port District ("Port") and the City of San Diego for clean-up; and

WHEREAS, Law Firm jointly represents the Authority and the Port regarding these ongoing environmental issues; and

WHEREAS, due to Law Firm's knowledge of and involvement in the environmental issues related to the Boat Channel and the current joint representation of the Authority and the Port, the General Counsel believes it is in the best interest of the Authority to continue to retain Law Firm to represent the Authority.

NOW THEREFORE BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute a Second Amendment to the Agreement with Best Best & Krieger LLP for Professional Legal Services extending the term for one year and increasing the compensation amount by \$200,000 for a total not-to-exceed amount of \$800,000; and

BE IT FURTHER RESOLVED that the Board of the San Diego County Regional Airport Authority finds that this Board action is not a "project" as defined by the California Environmental Quality Control Act (CEQA) Pub. Res. Code Section 21065; and is not a "development" as defined by the California Coastal Act Pub. Res. Code Section 30106.

PASSED, ADOPTED AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of April 2017 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Approve and Authorize the President/CEO to execute a First Amendment to the Professional Legal Services Agreement with Meyers Nave Riback Silver and Wilson

Recommendation:

Adopt Resolution No. 2017-0034 approving and authorizing the President/CEO to execute a First Amendment to the Agreement with Meyers Nave Riback Silver & Wilson for Professional Legal Services extending the term for one year.

Background/Justification:

On March 1, 2012, the Board authorized the award of an agreement with Meyers Nave Riback Silver & Wilson ("Law Firm") to provide professional legal services regarding environmental issues [Resolution No. 2012-0028]. The Agreement has a term of three years with two one-year options to renew at the discretion of the President/CEO and a maximum compensation amount of three hundred thousand dollars (\$300,000). The President/CEO exercised the first and second options to extend the term. The term of the agreement will expire on April 12, 2017.

Law Firm assists the General Counsel's office in matters related to the Laurel Hawthorne Central Embayment in San Diego Bay. The Laurel Hawthorne Central Embayment is that portion of San Diego Bay that lies north of an imaginary line drawn from the southeast corner of the Coast Guard Station on North Harbor Drive to the West Hawthorne Street pier; an area also generally known as the Downtown Anchorage. On June 18, 2014, the San Diego Regional Water Quality Control Board ("Regional Board") issued Investigative Order No. R9-2013-007 ("Investigative Order") to the Airport Authority, the San Diego Unified Port District ("Port"), and General Dynamics (collectively, the "Parties"). The Investigative Order was issued under the authority of §§ 13267 and 13304 of the State Water Code ("Porter-Cologne Water Quality Control Act") and directs the Parties to submit technical reports pertaining to an investigation of sediment chemistry in the Laurel Hawthorne Central Embayment in San Diego Bay. The Investigative Order requires the Parties to act collectively to submit a Sediment Chemistry Assessment Work Plan and a Sediment Chemistry Assessment Report describing the results from implementing the Work Plan. The Parties complied with the Investigative Order. The Regional Board has indicated that it will likely issue another Investigative Order to further characterize the site and may require additional actions. Law Firm has been representing the Authority in this matter prior to the issuance of the Investigative Order and continues to represent the Authority in ongoing discussions with the Regional Board. Due to the Law Firm's knowledge of and involvement in the Laurel Hawthorne Central Embayment and ongoing discussions with the Regional Board, the General Counsel believes it is in the best interest of the Authority to continue to retain Law Firm to handle these matters.

Fiscal Impact:

Not applicable.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:

Not applicable.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL

RESOLUTION NO 2017-0034

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

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

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

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

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

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

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

WHEREAS, the Parties complied with the Investigative Order; and

WHEREAS, the Regional Board has indicated that it will likely issue another Investigative Order and eventually will issue a Clean Up and Abatement Order for the site; and

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

WHEREAS, due to the Law Firm's knowledge of and involvement in the Laurel Hawthorne Central Embayment and ongoing discussions with the Regional Board, the General Counsel believes it is in the best interest of the Authority to continue to retain Law Firm to handle these matters.

NOW, THEREFORE, BE IT RESOLVED that the Board approves and authorizes the President/CEO to execute a First Amendment to the Agreement with Meyers Nave Riback Silver & Wilson for Professional Legal Services extending the term for one year; and

BE IT FURTHER RESOLVED that this Board finds this action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), nor is it a "project" as defined by the California Coastal Act.

PASSED, ADOPTED, AND APPROVED by the Board at the San Diego County Regional Airport Authority at a regular meeting this 6th day of April 2017, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Approve and Authorize the President/CEO to Execute a Third Amendment to the Public Art Agreement with Ueberall International, LLC for Rental Car Center Public Art Project

Recommendation:

Adopt Resolution No. 2017-0035, approving and authorizing the President/CEO to execute a Third Amendment to the Public Art Agreement with Ueberall International, LLC to extend the term for four (4) months resulting in a termination date of August 31, 2017.

Background/Justification:

On November 6, 2014, the Authority Board approved the Airport Art Advisory Committee's recommendation to award Ueberall International, LLC the commission for the Rental Car Center Public Art Project (Resolution No. 2014-0121). The Authority and Artist are parties to an Agreement for Design, Fabrication and Installation of Public Art Work with an original term beginning on December 15, 2014 and ending on May 31, 2016 in an amount not to exceed \$800,000 ("Agreement"). On June 25, 2015, the Authority Board approved and authorized the President/CEO to execute a First Amendment to the Agreement, extending the term through January 31, 2017 (Resolution No. 2015-0063). On November 17, 2016, the Authority Board approved and authorized the President/CEO to execute a second amendment to the Agreement, extending the term through April 30, 2017 (Resolution No. 2016.0103).

The Artist team's proposed artwork, titled *Dazzle*, will utilize pioneering technology to animate the north east exterior façade of the Rental Car Center (RCC). The project takes its inspiration from dazzle camouflage, a WWI era military technology tested in San Diego. The final artwork will feature a fully programmable dazzle-influenced pattern applied to the surface of the façade, and comprised of approximately 2,000 two by two foot e-paper panels. The e-paper technology is solar powered and therefore highly sustainable.

While the e-paper material has been employed throughout the world, most notably in Kindle readers, the proposed application on the RCC would be the first of its kind on an architectural scale. The Artist team has partnered with E Ink, the global company responsible for creating e-paper, to develop a sustainable, long-lasting, and easy to maintain method for installing and controlling the e-paper panels on the façade. E Ink and Ueberall have completed extensive testing and prototyping of weatherization, communication systems, and adhesive techniques in order to ensure that the material can be maintained and function as intended continuously for a minimum of ten years.

During the last phase of this rigorous testing, which included simulated, accelerated aging testing, system weaknesses were discovered that related to the tile and electronics weather protection systems, and software validation.

E Ink and Ueberall worked diligently to resolve these issues by engaging a world-class electronics integrator to solve weather protection concerns, and validated the software design through additional strenuous testing both at the E Ink facility in Boston and in San Diego. In October 2016, E Ink and Ueberall installed an additional set of e-paper tiles that included a redesigned rear barrier system that passes all accelerated aging tests, and a custom waterproof coating and electronics housing design that protects from long-term weather conditions while still enabling optimal antenna performance. Through this test, Ueberall was able to demonstrate conclusively that the previous system weaknesses have been resolved.

In January 2017, E Ink identified a world-wide shortage of the specific supercapacitor or battery storage unit used in the e-paper tiles. They facilitated a custom fabrication run by the manufacturer for the *Dazzle* project, and sourced an alternate assembler vendor to complete assembly of the tiles at an accelerated rate.

In testing the first batch of tiles produced by the new assembler, the antenna was not optimally performing. Through additional troubleshooting, E Ink discovered that a slightly different soldering process was used by the new assembler, which was preventing maximum performance of the antenna. They identified a solution to this issue, by returning to the previously used soldering material, but the additional testing required resulted in a delay to the previously projected fabrication and installation timeline. The Artist team has therefore requested an extension in order to complete the project.

It is the priority of the Arts Program that all technology-based public art projects undergo exhaustive testing, as conducted by Ueberall International and E Ink, in order to ensure that the proposed technology will operate consistently once installed. Accordingly, staff is recommending extending the Agreement by four (4) months to provide additional time for the fabrication and installation of the *Dazzle* artwork.

No additional funds or changes to the terms and conditions of the Agreement will take place as a result of this requested Board action.

Fiscal Impact:

Adequate funds for the Rental Car Center Public Art Project are included within the Board approved FY2017 – FY2022 Capital Program Budget in Project No. 104151C. Sources of funding for this project include Customer Facility Charges.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:

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

This contract did not utilize federal funds. An exemption was provided from using the inclusionary program/policies for the Rental Car Center Public Art project. The exemption was based on the extraordinary circumstances when contracting with artists and requesting special certification. In general, while a significant number of artists operate as small businesses, more often than not they do not acquire certification to indicate their small business status. From past experience, expecting or requiring the certification would cause undue complications and delays in the solicitation process.

Prepared by:

LAUREN LOCKHART
ART PROGRAM MANAGER, VISION, VOICE & ENGAGEMENT

RESOLUTION NO. 2017-0035

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A THIRD AMENDMENT TO THE PUBLIC ART AGREEMENT WITH UEBERALL INTERNATIONAL, LLC TO EXTEND THE TERM FOR FOUR (4) MONTHS RESULTING IN A TERMINATION DATE OF AUGUST 31, 2017

WHEREAS, on November 6, 2014, the Authority Board approved the Airport Art Advisory Committee's recommendation to award Ueberall International LLC ("Artist") the commission for the Rental Car Center Public Art opportunity as evidenced by Resolution No. 2014-0121; and

WHEREAS, the Authority and Artist are parties to an Agreement for Design, Fabrication and Installation of Public Art Work ("Agreement"); and

WHEREAS, the Agreement is on file in the office of the Authority Clerk as Document 209400 OS dated January 8, 2015 which began December 15, 2014, and ended May 31, 2016; and

WHEREAS, on September 11, 2015, a First Amendment to the Agreement (1) extended the Agreement term eight months resulting in a new expiration date of January 31, 2017; (2) revised Exhibit A; (3) revised Exhibit B; and (4) revised Exhibit C; and

WHEREAS, on November 17, 2016, a Second Amendment to the Agreement (1) extended the Agreement term three (3) months resulting in a new expiration date of April 30, 2017.

NOW THEREFORE BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute a Third Amendment to the Public Art Agreement with Ueberall International, LLC to extend the term for four (4) months resulting in a termination date of August 31, 2017; and

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

PASSED, APPROVED AND ADOPTED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of April, 2017 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **April 6, 2017**

Subject:

Approve and Authorize the President/CEO to Execute an Engineering Consulting Services Agreement with P2S Engineering, Inc.

Recommendation:

Adopt Resolution No. 2017-0036, approving and authorizing the President/CEO to execute an Engineering Consulting Services Agreement with P2S Engineering, Inc., in an amount not-to-exceed \$5,000,000, for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO in support of the Central Utility Plant Optimization and Site Utilities Integration Program, at San Diego International Airport.

Background/Justification:

On January 4, 2017, the San Diego County Regional Airport Authority ("Authority") issued a Request for Qualifications ("RFQ") to obtain Statements of Qualifications ("SOQs") from firms or individuals for Engineering Consulting Services for Central Utility Plant Optimization and Site Utilities Integration Program for the San Diego International Airport ("SDIA"). Services to be performed under this agreement include the creation of a practical implementation plan for continuous monitoring of the Central Utility Plant ("CUP"). The implementation plan will be tailored to integrate all aspects of SDIA operations, maintenance, design and utility management with the goal of minimizing energy consumption and improvement of resource efficiency. In addition, a comprehensive Master Plan of the CUP and site infrastructure will be developed to determine current capacity to meet the loads of the existing as well as future facilities.

On February 8, 2017, the Authority received SOQs from the following nine entities: Affiliated Engineers, Inc.; ARUP North America Ltd.; Burns & McDonnell Engineering Co., Inc.; MA Engineers; NV5; P2S Engineering, Inc.; RG Vanderweil Engineers, LLP; Radix US, LLC; and Shadpour Consulting Engineers, Inc.

On February 17, 2017, the Authority's Evaluation Panel ("Panel") comprised of two representatives from Facilities Management Department, one representative from Environmental Affairs Department, and one consultant Project Manager from Facilities Development Department short-listed four firms, which were invited to interview. During the interviews on March 6, 2017, each respondent provided a presentation of its qualifications and responded to prepared questions. After the interview, the Panel evaluated the four respondents using weighted criteria of four factors: organizational structure and prior experience; project team and prior experience; proposed approach; and eligibility for small business participation under Authority Policy 5.12, Preference to Small Business.

Page 2 of 3

The final ranking matrix is as follows:

| Firms | Panelist 1 | Panelist 2 | Panelist 3 | Panelist 4 | Total | Final Rank |
|--------------------------|---------------|---------------|---------------|---------------|-------|---------------|
| ARUP North America, Inc. | 3 | 3 | 3 | 3 | 12 | 3 |
| Burns & McDonnell | 3 | 4 | 4 | 4 | 15 | 4 |
| P2S Engineering, Inc. | 1 | 1 | 2 | 1 | 5 | 1 |
| Shadpour Consulting | 2 | 2 | 1 | 2 | 7 | 2 |

A brief background of the top ranked firm is provided:

P2S Engineering, Inc.

- P2S Engineering's corporate office is in Long Beach, CA with a local San Diego office and is a certified small business
- Over 25 years experience providing innovative and cost effective sustainable engineering solutions with emphasis on reliability, operation, maintenance and future growth
- Successfully executed more than 60 master plans for higher education campuses, corporate and government campus environments
- Relevant central utility plant projects include: San Diego State University Main Chiller Plant Upgrade; Salk Institute Central Plant and Infrastructure; Kaiser Permanente San Diego Medical Center Chilled Water Central Plant; and Avanir Pharmaceuticals Central Plant and Facilities Improvements

Staff recommends that the Board approve and authorize the President/CEO to execute an Engineering Consulting Services Agreement with the top ranked firm, P2S Engineering, Inc., for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO, in the amount not-to-exceed \$5,000,000.

Fiscal Impact:

Adequate funds for the Engineering Consulting Services are included within the Board Approved FY2017 - FY2021 Capital Program budget. Sources of funding will depend on the projects utilizing the services and include but are not limited to: Airport Revenue Bonds, Variable Rate Debt, Passenger Facility Charges, Customer Facility Charges, Airport Cash Special Facility Bonds, and Federal Grants.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:

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

This contract does not utilize federal funds and provides limited opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses. Policy 5.12 provides a preference of up to five percent (5%) to small businesses in the award of selected Authority contracts. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$200,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance to Policy 5.12, P2S Engineering, Inc. received the 5% small business preference.

Prepared by:

DAVID LAGUARDIA
DIRECTOR, FACILITIES MANAGEMENT

RESOLUTION NO. 2017-0036

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN ENGINEERING CONSULTING SERVICES AGREEMENT WITH P2S ENGINEERING, INC., IN AN AMOUNT NOT-TO-EXCEED \$5,000,000, FOR A TERM OF THREE YEARS, WITH THE OPTION FOR TWO ONE-YEAR EXTENSIONS EXERCISABLE AT THE DISCRETION OF THE PRESIDENT/CEO IN SUPPORT OF THE CENTRAL UTILITY PLANT OPTIMIZATION AND SITE UTILITIES INTEGRATION PROGRAM, AT SAN DIEGO INTERNATIONAL AIRPORT

WHEREAS, on January 4, 2017, the San Diego County Regional Airport Authority (“Authority”) issued a Request for Qualifications (“RFQ”) to obtain Statements of Qualifications (“SOQs”) from firms or individuals for Engineering Consulting Services for Central Utility Plant Optimization and Site Utilities Integration Program; and

WHEREAS, on February 8, 2017, the Authority received nine SOQs; and

WHEREAS, on February 17, 2017, the Authority’s Evaluation Panel (“Panel”) short-listed four firms, which were invited to interview; and

WHEREAS, on March 6, 2017, the Panel interviewed four short-listed firms with each respondent providing a presentation of its qualifications and responses to prepared questions; and

WHEREAS, after the interview, the Panel evaluated the four respondents using a weighted criteria of four factors: organizational structure and prior experience; project team and prior experience; proposed approach; and eligibility for small business participation under Authority Policy 5.12, Preference to Small Business; and

WHEREAS, upon conclusion of the evaluation process, the Panel ranked P2S Engineering, Inc. first; Shadpour Consulting Engineers, Inc. second; ARUP North America Ltd. third; and Burns & McDonnell Engineering Co., Inc. fourth.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute an Engineering Consulting Services Agreement with P2S Engineering, Inc., in an amount not-to-exceed \$5,000,000, for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO in support of the Central Utility Plant Optimization and Site Utilities Integration Program, at San Diego International Airport; and

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of April, 2017, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Approve and Authorize the President/CEO to Execute an On-Call Hazardous Waste Management Service Agreement with Ocean Blue Environmental Services, Incorporated

Recommendation:

Adopt Resolution No. 2017-0037, approving and authorizing the President/CEO to execute an On-Call Hazardous Waste Management Service Agreement with Ocean Blue Environmental Services, Incorporated, for a term of three years, with the option for two one-year extensions exercisable at the sole discretion of the President/CEO, in an amount not-to-exceed \$7,000,000.

Background/Justification:

The Authority is required by statute and regulation to properly manage solid waste, sewage and biohazardous waste, asbestos waste, and hazardous waste (collectively "Waste") at the Airport. Given the severity of penalties and fines potentially resulting from lack of adequate management, staff recommends professional services be obtained for proper management, handling, and transport of these wastes to permitted recycling, treatment, and disposal facilities and for emergency response services to manage spills involving hazardous or other regulated materials.

These wastes may be generated by Authority or Airport operation and maintenance activities, construction activities, remediation projects, and abandoned wastes. Professional on-call services will ensure that wastes are properly sampled, characterized, packaged, labeled, manifested, loaded, transported, and recycled/treated/disposed in accordance with all applicable federal, state and local laws and regulations. Professional services will include asbestos abatement and contaminated site remediation services as directed by the Authority. Professional services to perform abatement, remediation, and emergency response services must be obtainable 24 hours per day, seven days per week.

For the last 5 years, expenditures for these types of professional services have averaged approximately \$1,150,000 per year and resulted in total expenditures of \$5,750,000 over the last 5 years. The number, type, and extent of airport facilities have increased since the Green Build and other developments were brought on line. There are a number of facilities planned for demolition in the near future to allow for even more development. Given the expanse of existing facilities, the future demolition of several buildings, and the severity of penalties and fines potentially resulting from lack of adequate professional on-call hazardous waste management and emergency response services, staff recommends that the total maximum amount payable under the contract for a 5-year period be \$7,000,000.

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On January 23, 2017, the Authority published a Request for Qualifications (RFQ) to obtain Statements of Qualifications (SOQs) for provision of professional on-call hazardous waste management services.

On February 23, 2017, the Authority received SOQs from the following two entities: NRC Environmental Services Incorporated and Ocean Blue Environmental Services, Incorporated.

On March 17, 2017, the Authority's Evaluation Panel ("Panel"), which was comprised of two representatives from Environmental Affairs, one from Facilities Management, one from Facilities Development, and one from Airside Operations interviewed the two respondents. The evaluation criteria used to evaluate the firms was a weighted criteria of five factors: prior company experience and skill; prior experience of the company's primary staff; a work plan; sustainability; and small business preference under Authority Policy 5.12. The firms were ranked as follows

1. Ocean Blue Environmental Services, Incorporated
2. NRC Environmental Services Incorporated

The final ranking matrix is as follows:

| Firms | Panelist 1 | Panelist 2 | Panelist 3 | Panelist 4 | Panelist 5 | Total | Final Rank |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|-----------------------|
| NRC | 2 | 2 | 2 | 2 | 2 | 10 | 2 |
| Ocean Blue | 1 | 1 | 1 | 1 | 1 | 5 | 1 |

The final combined scoring matrix is as follows:

| Firms | Experience and Skill of Company | Experience of Primary Staff | Work Plan | Sustainability | Small Business Preference | Total |
|--------------|--|--|------------------|-----------------------|--|--------------|
| NRC | 1400 | 1110 | 950 | 130 | 0 | 3590 |
| Ocean Blue | 1505 | 1290 | 1110 | 390 | 250 | 4535 |

A brief background of the two ranked firms is provided:

1. NRC Environmental Services Incorporated

Headquartered in Great River, New York, and with offices and facilities around the world, including San Diego, NRC was established in 1980. NRC provides professional environmental management and 24-hour emergency spill response services to public and private entities.

2. Ocean Blue Environmental Services, Incorporated

Based in Long Beach with facilities in San Diego, Ocean Blue Environmental Services was established in 1994. Ocean Blue provides professional environmental management and 24-hour emergency spill response services to public and private entities. Ocean Blue has provided on-call hazardous waste management and emergency response services to the Authority under previous and an existing agreement since July of 2003.

Staff recommends the award of on-call hazardous waste management service agreement to Ocean Blue Environmental Services, Incorporated, for a term of three years, with the option for two one-year extensions exercisable at the sole discretion of the President/CEO, for a total not-to-exceed amount of \$7,000,000.

Fiscal Impact:

Adequate funding for on-call hazardous waste management service is included in the adopted FY 2017 and conceptually approved FY 2018 Operating Expense Budgets within the Refuse & Hazardous Waste Disposal item. Expenses for FY 2019 through FY 2021 will be included in future year budget requests. Costs for on-call hazardous waste management services that relate to capital items are included within the Board approved FY2017-FY2021 Capital Program Budget. Sources of funding will depend on the project(s) utilizing the services and include, but are not limited to, Airport Revenue Bonds, Variable Rate Debt, Passenger Facility Charges, Customer Facility Charges, Airport Cash, Special Facility Bonds, and Federal Entitlement and Discretionary Grants.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:

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

This contract does not utilize federal funds and provides limited opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses. Policy 5.12 provides a preference of up to five percent (5%) to small businesses in the award of selected Authority contracts. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$200,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance to Policy 5.12, the recommended firm Ocean Blue Environmental Services, Inc. received 5% small business preference

Prepared by:

BRENDAN REED
ENVIRONMENTAL AFFAIRS, DIRECTOR

RESOLUTION NO. 2017-0037

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN ON-CALL HAZARDOUS WASTE MANAGEMENT SERVICE AGREEMENT WITH OCEAN BLUE ENVIRONMENTAL SERVICES, INCORPORATED, FOR A TERM OF THREE YEARS, WITH THE OPTION FOR TWO ONE-YEAR EXTENSIONS EXERCISABLE AT THE SOLE DISCRETION OF THE PRESIDENT/CEO, IN AN AMOUNT NOT-TO-EXCEED \$7,000,000.

WHEREAS, the Authority is required by statute and regulation to properly manage solid waste, sewage and biohazardous waste, asbestos waste, and hazardous waste at the Airport in accordance with federal and state laws and professional services are required for proper management, handling, and transport of these wastes to permitted treatment, recycling, and disposal facilities and for emergency response services to spills involving hazardous or other regulated materials; and

WHEREAS, expenditures for these types of professional services have averaged approximately \$1,150,000 per year and resulted in total expenditures of \$5,750,000 over the last 5 years, and given the expanse of existing facilities, the future demolition of several buildings, and the severity of penalties and fines potentially resulting from lack of adequate professional on-call hazardous waste management and emergency response services, staff recommends that the total maximum amount payable under the contract for a 5-year period be \$7,000,000; and

WHEREAS, on January 23, 2017, the Authority published a Request for Qualifications for provision of professional on-call hazardous waste management services and received Statements of Qualifications from NRC Environmental Services Incorporated and Ocean Blue Environmental Services, Incorporated; and

WHEREAS, on March 17, 2017, at the conclusion of the evaluation process, the Authority's Evaluation Panel ranked Ocean Blue Environmental Services, Incorporated first and NRC Environmental Services Incorporated second.

NOW, THEREFORE, BE IT RESOLVED that the Board approves and authorizes the President/CEO to execute an On-Call Hazardous Waste Management Service Agreement with Ocean Blue Environmental Services, Incorporated, for a term of three years, with the option for two one-year extensions exercisable at the sole discretion of the President/CEO, in an amount not-to-exceed \$7,000,000; and

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of April, 2017, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Approve and Authorize the President/CEO to Execute an Agreement with Ferrellgas, LP for On-Site Propane Fuel Supplier for Parking and Employee Shuttle Buses

Recommendation:

Adopt Resolution No. 2017-0038 approving and authorizing the President/CEO to execute an agreement with Ferrellgas, LP for on-site delivery and dispensing of liquid propane fuel to the parking and employee shuttle bus fleet operation, for a term of three years with two one-year options to extend in an amount not to exceed \$3,300,000.

Background/Justification:

The Authority provides courtesy shuttles for Long Term Lot 1, the Economy Lot, and the Employee Lot. The current shuttle fleet is made up of 29 leased shuttles as described below:

- Nine 2015 Starcraft All-star XL 30 passenger shuttle buses
- Twenty 2016 Champion Challenger 19 passenger shuttle buses

All of the shuttles operate on “LP2” – Liquid Propane.

Shuttles operate 24 hours/day transporting passengers and employees to and from the airport lots to the terminals. Currently the Long Term Lot 1 and Economy Lot shuttles drop-off and pick-up at the T-1 and T-2 transportation islands. The Employee Lot shuttle drops-off and picks-up at the terminal curbs.

The shuttles are operated under a Management Services contract with Ace Parking Management. The current contract began on February 8, 2012 and has been amended to allow continued operations through August 31, 2018, as approved by the Board at the June 23, 2016 Board meeting.

In July 2014, EDPO LLC, dba Expo Propane (“Expo Propane”) was granted a Use and Occupancy Permit (“UOP”) by the Authority to provide on-site liquid propane fueling services to the shuttle fleet. Prior to this agreement the shuttles drove off-site to fuel at a local independently owned and operated fueling station. The term of the UOP is two years and seven months, beginning June 1, 2014 through December 31, 2016.

Expo Propane was authorized by the UOP to install a fully contained propane fueling station and associated equipment on Airport premises in the shuttle hold lot - Lot 10. The UOP required the delivery of fuel daily to the Airport, management and maintenance of all equipment, inspections, and safety and environmental compliance.

Page 2 of 4

On November 21, 2016, in anticipation of the expiration of the UOP, the Authority executed and delivered to Expo Propane a Notice of Holdover to continue operations on a month-to-month basis. While continuing to operate under this holdover agreement, the Authority began a competitive process to solicit for a fuel service provider.

The scope of work for the new contract includes operating and maintaining the on-site propane fueling stations, delivering liquid propane fuel on an ongoing basis, providing necessary maintenance, and providing any special services as required maintaining operations.

The term of the contract will be for three years, with two one-year extension options, which may be exercised at the sole discretion of the President/CEO.

The maximum compensation amount for the term of the contract shall not exceed \$3,300,000 over five years.

Contractor Selection

On January 6, 2017 the Authority issued a Request for Proposal (“RFP”) to identify a recommended fuel supplier. On February 7, 2017, the Authority received responses from the following four firms:

1. EDPO, LLC; dba: Expo Propane
2. Suburban Propane
3. Amerigas Propane, LP
4. Ferrellgas, LP

A selection panel (RFP Panel) comprised of the Authority’s Ground Transportation Director, an FMD Manager, a Ground Transportation Specialist, and the Managing Director of Ace Parking Management Shuttle Operations conducted a thorough review of the proposals and all respondents were selected to participate in the interview process.

The respondents were asked to provide responses to a specific list of questions, prepared by the RFP Panel, which targeted the evaluation criteria presented in the RFP. The RFP Panelist’s final rankings are presented below:

Final Interview Ranking

| Firms | Panelist 1 | Panelist 2 | Panelist 3 | Panelist 4 | Total | Rank |
|--------------|-------------------|-------------------|-------------------|-------------------|--------------|-------------|
| Amerigas | 2 | 2 | 2 | 2 | 8 | 2 |
| EXPO/EDPO | 3 | 4 | 4 | 4 | 15 | 4 |
| Ferrellgas | 1 | 1 | 1 | 1 | 4 | 1 |
| Suburban | 4 | 3 | 3 | 3 | 13 | 3 |

Combined Scores

| Firms | SB Preference | Cost/Fees | Company Experience & Skill | Primary Staff | Proposed Preventative Maintenance Plan | Work Plan/Equipment/Delivery | Sustainability | Total |
|------------|---------------|-----------|----------------------------|---------------|--|------------------------------|----------------|-------|
| Amerigas | - | 480 | 580 | 540 | 290 | 700 | 260 | 2,850 |
| EXPO/EDPO | - | 300 | 560 | 520 | 280 | 675 | 270 | 2,605 |
| Ferrellgas | - | 480 | 620 | 600 | 300 | 775 | 280 | 3,055 |
| Suburban | - | 600 | 500 | 480 | 270 | 650 | 250 | 2,750 |

Based on the RFP scores and rankings above, the RFP Panel determined that Ferrellgas, LP is the firm best qualified to provide on-site fueling services to the Authority parking and employee shuttle bus fleet.

Staff recommends that the Board award and authorize the President/CEO to execute an agreement with Ferrellgas, LP for the procurement of on-site delivery and dispensing of liquid propane fuel to the parking and employee shuttle bus fleet operation, for an amount not to exceed \$3,300,000 and a term of three years with two one-year options to extend exercisable at the sole discretion of the President/CEO.

Attachments

Attachment A - Map of Propane Fueling Station Location

Fiscal Impact:

Adequate funds for on-site delivery and dispensing of propane fuel to the shuttle fleet is included within the adopted FY 2017 and conceptually approved FY 2018 Operating Budget as part of the Contractual Services line item. Expenses for years that have not been adopted by the Board will be included in future year budget requests.

Authority Strategies:

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

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

Environmental Review:

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

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

Application of Inclusionary Policies:

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

This contract does not utilize federal funds and provides limited opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses. Policy 5.12 provides a preference of up to five percent (5%) to small businesses in the award of selected Authority contracts. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$200,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance to Policy 5.12, the recommended firm Ferrellgas, LP did not receive the small business preference

Prepared by:

MARC NICHOLS
DIRECTOR, GROUND TRANSPORTATION



RESOLUTION NO. 2017-0038

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH FERRELLGAS, LP FOR ON-SITE DELIVERY AND DISPENSING OF LIQUID PROPANE FUEL TO THE PARKING AND EMPLOYEE SHUTTLE BUS FLEET OPERATION, FOR A TERM OF THREE YEARS WITH TWO ONE-YEAR OPTIONS TO EXTEND IN AN AMOUNT NOT TO EXCEED \$3,300,000.

WHEREAS, San Diego International Airport provides parking and shuttle services to airline passengers, the general public, and airport employees; and

WHEREAS, in August 2011, the Board awarded an agreement to Ace Parking Management, Inc. (Ace), to provide shuttle management services for San Diego International Airport (Airport); and

WHEREAS, the shuttles operated by Ace at the Airport operate on liquid propane; and

WHEREAS, on July 30, 2014, the Authority granted a Use and Occupancy Permit (Permit) to EDPO, LLC dba Expo Propane (Expo Propane) to provide on-site delivery and fueling services, and to install a fueling station, two pumps, and other hardware on Airport property for the purpose of fueling the Airport shuttle fleet for a term of two years and seven months; and

WHEREAS, this Permit was set to expire on December 31, 2016; and

WHEREAS, on November 21, 2016, the Authority delivered to Expo Propane a Holdover Letter (Letter) to allow Expo Propane to operate on a month-to-month basis while the Authority engaged in a competitive process to solicit a fuel service provider; and

WHEREAS, on January 6, 2017, a Request for Proposals (RFP) was issued to identify a recommended fuel supplier; and

WHEREAS, on February 7, 2017, the Authority received responsive proposals from the following four (4) firms:

1. EDPO, LLC; dba: Expo Propane
2. Suburban Propane
3. Amerigas Propane, LP
4. Ferrellgas, LP

WHEREAS, a selection panel (RFP Panel) comprised of the Authority's Ground Transportation Director, a FMD Manager, a Ground Transportation Specialist, and the Managing Director of Ace Parking Management Shuttle Operations conducted a thorough review of the proposals and all respondents were selected to participate in the interview process; and

WHEREAS, the RFP Panel scored and ranked all of the respondents and found Ferrellgas, LP as the highest ranked respondent.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute an agreement with Ferrellgas, LP for on-site delivery and dispensing of liquid propane fuel to the parking and employee shuttle bus fleet operation, for a term of three years with two one-year options to extend in an amount not to exceed \$3,300,000; and

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

BE IT FURTHER RESOLVED by the Board that it finds that this Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21 065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code §301 06).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of April, 2017, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ

GENERAL COUNSEL

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

April 2017 Legislative Report

Recommendation:

Adopt Resolution No. 2017-0024, approving the April 2017 Legislative Report.

Background/Justification:

The Authority's Legislative Advocacy Program Policy requires that staff present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. The April 2017 Legislative Report updates Board members on legislative activities that have taken place since the previous Board meeting. The Authority Board provides direction to staff on legislative issues by adoption of a monthly Legislative Report (Attachment A).

State Legislative Action

The Authority's legislative team recommends that the Board adopt a WATCH position on the following seven Assembly Bills: AB 496 (Fong), AB 805 (Gonzalez-Fletcher), AB 1069 (Low), AB 1259 (Calderon), AB 1286 (Friedman), AB 1333 (Dababneh) and AB 1581 (Oberholte). The Authority's legislative team also recommends that the Board adopt a WATCH position on the following three Senate Bills: SB 450 (Hertzberg), SB 686 (Wilk) and SB 775 (Wieckowski).

AB 496 would create the Traffic Relief and Road Improvement Program and a corresponding account in the State Transportation Fund to provide funding for the maintenance and rehabilitation of state highways and local roadways.

AB 805 is related to the governance of the San Diego Association of Governments.

AB 1069 would authorize changes to be implemented by local governments in their regulation of taxicab transportation services. These actions include establishing a maximum rate structure, and limiting the number of taxicabs or taxicab companies that may use taxi stand areas, pick up passengers at airports, or pick up street hails.

AB 1259 is a placeholder (spot bill) making non-substantive changes to the California Clean Truck, Bus and Off-Road Vehicle and Equipment Technology Program.

AB 1286 would eliminate the current requirement that airports interested in collecting a customer facility charge initiate the process to obtain collection authority by January 1, 2018.

AB 1333 would require every local government agency that maintains an internet web site to prominently post on its site, a notice of any upcoming election in which voters will vote on a tax measure or proposed bond issuance of the agency. The bill would also require every local government agency that publishes an electronic newsletter to include such notices in their electronic newsletter.

AB 1581 is a placeholder (spot bill) that would make changes to the Passenger Charter-party Carriers' Act.

SB 450 would require that, prior to authorizing the issuance of bonds, the governing bodies of public agencies must hold a public meeting to disclose annual percentage rate, finance charge, amount financed, and the total payment amount of the bond.

SB 686 would require that a public entity conduct a "meet and confer" conference within 30 days of receipt of demand from a claimant for resolution of a dispute related to public works projects.

SB 775 would add local agencies to the list of entities that the State Air Resources Board has to consult with in order to identify the most effective strategies and methods to reduce greenhouse gases, manage greenhouse gas control programs, and facilitate the development of integrated and cost-effective regional, national, and international greenhouse gas reduction programs.

Federal Legislative Action

The Authority's legislative team recommends that the Board adopt a SUPPORT position on H.R. 1265 (DeFazio).

H.R. 1265, the "Investing in America: Rebuilding America's Airport Infrastructure Act" would provide airports the authority to establish a passenger facility charge (PFC) of their choosing by eliminating the current \$4.50 PFC cap. This bill would also reduce federal funding for the Airport Improvement Program (AIP) by \$400 million annually.

On March 16, 2017, President Trump released the administration's initial budget request for the coming fiscal year, proposing a \$54 billion increase in military spending and significant cuts across much of the rest of the federal government. Proposals impacting airports in the initial budget include:

- Shifting air traffic control away from the Federal Aviation Administration (FAA) to an independent non-governmental organization;
- Elimination of the Transportation Security Administration's (TSA) Law Enforcement Officer Reimbursement Program;
- Reducing the TSA's Visible Intermodal Prevention and Response Program;
- No additional staffing for TSA or Customs and Border Protection;
- Increasing the TSA Passenger Security Fee to recover 75 percent of the cost of TSA aviation security operations.
- Elimination of the Essential Air Service Program

Fiscal Impact:

Not applicable.

Authority Strategies:

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

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

Environmental Review:

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

Application of Inclusionary Policies:

Not applicable.

Prepared by:

MICHAEL KULIS
DIRECTOR, INTER-GOVERNMENTAL RELATIONS

RESOLUTION NO. 2017-0024

A RESOLUTION OF THE BOARD OF THE SAN
DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
APPROVING THE APRIL 2017 LEGISLATIVE
REPORT

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the April 2017 Legislative Report (“Attachment A”); and

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 6th day of April, 2017, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY RUSSELL
DIRECTOR, CORPORATE
& INFORMATION GOVERNANCE/
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

April 2017 Legislative Report

Local Legislation

Legislation/Topic

City of San Diego Drone Ordinance

Background/Summary

The purpose of this proposed ordinance is to address the potential hazard of drones to other aircraft in flight, persons on the ground, and critical infrastructure. Specifically, this proposed ordinance would codify on a local level regulations similar to those of the Federal Aviation Administration prohibiting the operation of a model aircraft (operated for hobby or recreational purposes) within five miles of an airport without authorization of air traffic control tower staff. The ordinance would also prohibit the operation of model aircraft in a manner that interferes with manned aircraft or operation of model aircraft beyond the visual line of sight by the operator. The operation of model aircraft would also be limited to a height of 400 feet and would only be allowed during daylight hours. In addition, the proposed ordinance would prohibit the operation of both model aircraft and civil unmanned aircraft systems (drones operated for any purpose other than for hobby or recreation) in a manner prohibited by any federal statute or regulation, in violation of any temporary flight restriction or notice to airmen, or in a careless or reckless manner. It would not apply to drones operated by a public agency for government related purposes.

Anticipated Impact/Discussion

This bill could benefit San Diego International Airport (SDIA) by creating regulations that foster a safer operating environment for unmanned aircraft operated in the City of San Diego.

Status: 2/8/17 – Passed by Public Safety Committee and referred to full City Council

Position: Support (4/21/16)

**Shaded text represents new or updated legislative information*

State Legislation

New Assembly Bills

Legislation/Topic

AB 496 (Fong) – Transportation Funding

Background/Summary

AB 496 would create the Traffic Relief and Road Improvement Program and a corresponding account in the State Transportation Fund to provide funding for the maintenance and rehabilitation of state highways and local roadways.

Anticipated Impact/Discussion

Although this bill would not directly impact San Diego International Airport (SDIA), its passage could provide additional funding opportunities for highway and roadway improvements in close proximity to SDIA.

Status: 3/1/17 – Amended and re-referred to Assembly Committee on Transportation

Position: Watch

Legislation/Topic

AB 805 (Gonzalez-Fletcher) – County of San Diego: transportation agencies

Background/Summary

AB 805 would make changes to the governance of the San Diego Association of Governments (SANDAG). The bill would also make changes to the governance of the Metropolitan Transit System (MTS) and North County Transit District (NCTD). Additionally, AB 805 would authorize MTS and NCTD to impose transactions and use taxes and authorizes the issuance of bonds backed by those tax revenues for transportation projects within their jurisdictions.

Anticipated Impact/Discussion

Although this bill is not expected to directly impact San Diego International Airport (SDIA), the Authority's legislative team will closely monitor this bill for potential changes to transportation planning within the region.

Status: 3/23/17 – Amended in Assembly Committee on Local Government

Position: Watch

**Shaded text represents new or updated legislative information*

Legislation/Topic**AB 1069 (Low) – Local Government: taxicab transportation services****Background/Summary**

AB 1069 would authorize changes to be implemented by local governments in their regulation of taxicab transportation services. Specific changes include:

- Authorize a city or county to establish a maximum rate structure that would prohibit a taxicab transportation service from charging a rate to a passenger that is greater than a rate established by the city.
- Require that a city or county ensure that any charge imposed on a taxicab transportation service does not exceed the reasonable regulatory costs of administering and enforcing the program.
- Authorize a city or county to limit the number of taxicabs or taxicab companies that may use specified areas within the city or county.
- Prohibit a city or county from prohibiting a licensed taxicab from establishing prearranged trips, as specified.
- Require a city or county to allow a licensed taxicab company to use any device or technology approved by the state to calculate fares, and require a licensed taxicab company to disclose fares, fees, or rates to a potential customer before the customer accepts the ride.
- Require a city or county to issue an inspection sticker to a taxicab that complies with specified requirements, and to issue a photo permit to a taxi driver that complies with specified requirements

Anticipated Impact/Discussion

The Authority's legislative team is currently working with Ground Transportation staff to determine if this bill would impact San Diego International Airport (SDIA) operations.

Status: 3/6/17 – Referred to Assembly Committee on Communications and Conveyance

Position: Watch

**Shaded text represents new or updated legislative information*

Legislation/Topic**AB 1259 (Calderon) – California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program****Background/Summary**

AB 1259 is a placeholder (spot bill) making non-substantive changes to the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program.

Anticipated Impact/Discussion

The Authority's legislative team will closely monitor the development of this bill language for any potential impact to San Diego International Airport (SDIA) operations or funding opportunities.

Status: 2/17/17 – Introduced in Assembly

Position: Watch

Legislation/Topic**AB 1286 (Friedman) – Airports: alternative customer facility charges****Background/Summary**

AB 1286 would eliminate the current requirement that airports interested in collecting an alternative (daily) customer facility charge initiate a process to obtain collection authority by January 1, 2018.

Anticipated Impact/Discussion

This bill would not impact San Diego International Airport (SDIA) as the Airport Authority has already commenced the collection of the alternative (daily) customer facility charge (CFCs).

Status: 2/17/17 – Introduced in Assembly

Position: Watch

**Shaded text represents new or updated legislative information*

Legislation/Topic

AB 1333 (Dababneh) – Political Reform Act of 1974: local government agency notices

Background/Summary

AB 1333 would require every local government agency that maintains an internet web site to prominently post on its site, a notice of any upcoming election in which voters will vote on a tax measure or proposed bond issuance of the agency. The bill would also require every local government agency that publishes an electronic newsletter to include such notices in their electronic newsletter.

Anticipated Impact/Discussion

This bill would not directly impact San Diego International Airport (SDIA), as the Airport Authority issues revenue bonds that do not require voter approval.

Status: 2/17/17 – Introduced in Assembly

Position: Watch

Legislation/Topic

AB 1581 (Obernolte) – Charter-party carriers: transportation of passengers for compensation

Background/Summary

AB 1581 is a placeholder (spot bill) that would make changes to the Passenger Charter-party Carriers' Act.

Anticipated Impact/Discussion

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

Status: 2/17/17 – Introduced in Assembly

Position: Watch

**Shaded text represents new or updated legislative information*

Assembly Bills from Previous Report

Legislation/Topic

AB 1 (Frazier) – Transportation Funding

Background/Summary

AB 1 would create the Road Maintenance and Rehabilitation Program and a corresponding account in the State Transportation Fund to address deferred maintenance on state highways and local roadways. Revenues for this new program would be generated from increases in motor vehicle fuel sales and excise taxes and increases in vehicle registration fees, including a new \$165 annual fee for zero-emission motor vehicles. The increases in sales and excise taxes would be adjusted for inflation every three years based on the California Consumer Price Index. This bill would also create an independent Office of the Transportation Inspector General to ensure that all state agencies expending transportation funds operate efficiently and comply with federal and state laws. In addition, AB 1 would expand the list of projects eligible for funding under the Trade Corridors Improvement Fund to include freight access improvements to airports.

Anticipated Impact/Discussion

Although this bill would not directly impact San Diego International Airport (SDIA), its passage could provide additional funding opportunities for highway and roadway improvements in close proximity to SDIA.

Status: 12/5/16 – Introduced in Assembly and referred to Assembly Committees on Transportation and Natural Resources

Position: Watch (1/5/17)

Legislation/Topic

AB 5 (Gonzalez) – Employers: Opportunity to Work Act

Background/Summary

AB 5 would create the Opportunity to Work Act, requiring an employer with 10 or more employees to offer additional hours of work to an existing nonexempt employee before the employer hires an additional employee or subcontractor, except as specified. Employers would not be required to offer an employee additional work hours if it would require the employer to pay overtime compensation. AB 5 also would require an employer to post a notice of employee rights, and would require the employer to maintain certain employment documentation. The bill would authorize an employee to file a complaint for violation of these provisions, and/or bring a civil action for remedies under the act.

**Shaded text represents new or updated legislative information*

Anticipated Impact/Discussion

Because all Airport Authority employees are hired as full-time employees, and this bill would not require employers to offer additional hours if it would result in overtime pay, AB 5 would have no practical effect on the Authority.

Status: 12/5/16 – Introduced in Assembly and referred to Assembly Committee on Labor and Employment

Position: Watch (2/2/17)

Legislation/Topic

AB 92 (Bonta) – Public contracts: payment

Background/Summary

Under current law, public entities are authorized to withhold retention proceeds in excess of five percent for projects considered substantially complex. This authority is set to expire on January 1, 2018. AB 92 would extend this authority for five years, establishing a new expiration date of January 1, 2023.

Anticipated Impact/Discussion

This bill will continue the Airport Authority's ability to withhold retention proceeds in excess of five percent for substantially complex projects should it choose to do so.

Status: 3/22/17 – Approved by Assembly Committee on Accountability and Administrative Review on a vote of 7-0

Position: Watch (2/2/17)

**Shaded text represents new or updated legislative information*

Legislation/Topic**AB 218 (Bonta) – Local Agencies: airports: customer facility charges****Background/Summary**

Current law specifies that the authorization for an airport to impose a customer facility charge (CFC) becomes inoperative when the bonds used for financing a vehicle rental facility are paid. This bill would delete the requirement that the authorization for an airport to impose a customer facility charge become inoperative when the bonds are paid.

Anticipated Impact/Discussion

This legislation was introduced to allow Oakland International Airport to impose CFCs even though it has not yet incurred debt for a rental car facility. However, AB 218 would also allow other California airports, including San Diego International Airport (SDIA), to continue to impose CFCs regardless of whether or not bonds used to finance the construction of a rental car center or improvements to a rental car center are retired.

Status: 1/25/17 – Introduced in Assembly

Position: Support (3/2/17)

New Senate Bills**Legislation/Topic****SB 450 (Hertzberg) – Public Bodies: bonds: public notice****Background/Summary**

SB 450 would require that prior to authorizing the issuance of bonds, the governing bodies of public agencies must hold a public meeting to disclose the annual percentage rate, finance charge, amount financed, and the total payment amount of the bond.

Anticipated Impact/Discussion

The Authority Board holds public meetings disclosing information about authorized bond issuances. Passage of this bill could create a requirement that the Authority Board disclose information that isn't known prior to authorized bonds reaching the market.

Status: 2/23/17 – Referred to Senate Committee on Governance and Finance

Position: Watch

**Shaded text represents new or updated legislative information*

Legislation/Topic**SB 686 (Wilk) – Public Contracts: claim resolution****Background/Summary**

SB 686 would require that a public entity conduct a “meet and confer” conference within 30 days of receipt of demand from a claimant for resolution of a dispute related to public works projects.

Anticipated Impact/Discussion

This bill isn’t expected to have an impact on San Diego International Airport’s (SDIA) prevailing wage processes. Implementation of progress payment withholding for non-compliance, is performed per established regulations. Because SDIA is not a certified compliance agency, unresolved contractors claims are forwarded to the Department of Labor Standards Enforcement who will impose applicable fines and penalties specific to the violation(s).

Status: 2/17/17 – Introduced and Referred to Senate Committee on Rules

Position: Watch

Legislation/Topic**SB 775 (Wieckowski) – California Global Warming Solutions Act of 2006:
greenhouse gas emissions reduction****Background/Summary**

SB 775 would add local agencies to the list of entities that the State Air Resources Board has to consult with in order to identify the most effective strategies and methods to reduce greenhouse gases, manage greenhouse gas control programs, and facilitate the development of integrated and cost-effective regional, national, and international greenhouse gas reduction programs.

Anticipated Impact/Discussion

Although this bill would not directly impact San Diego International Airport (SDIA), its passage could provide additional opportunities for SDIA to play a greater role in shaping regional, national and international environmental policy.

Status: 2/17/17 – Introduced and Referred to Senate Committee on Rules

Position: Watch

**Shaded text represents new or updated legislative information*

Senate Bills from Previous Report

Legislation/Topic

SB 1 (Beall) – Transportation Funding

Background/Summary

SB 1 would create the Road Maintenance and Rehabilitation Program and a corresponding account in the State Transportation Fund to address deferred maintenance on state highways and local roadways. Revenues for this new program would be generated from increases in motor vehicle fuel sales and excise taxes and increases in vehicle registration fees, including a new \$100 annual fee for zero-emission motor vehicles. The increases in sales and excise taxes would be adjusted for inflation every three years based on the California Consumer Price Index. This bill would also create an independent Office of the Transportation Inspector General to ensure that all state agencies expending transportation funds operate efficiently and comply with federal and state laws. In addition, AB 1 would expand the list of projects eligible for funding under the Trade Corridors Improvement Fund to include freight access improvements to airports.

Anticipated Impact/Discussion

Although this bill would not directly impact San Diego International Airport (SDIA), its passage could provide additional funding opportunities for highway and roadway improvements in close proximity to SDIA.

Status: 3/8/17 – Approved by Senate Committee on Governance and Finance on a vote of 5-1 and re-referred to Senate Committee on Appropriations

Position: Watch (1/5/17)

Legislation/Topic

SB 4 (Mendoza) – Goods Movement and Clean Trucks Bond Act

Background/Summary

Subject to statewide voter approval in June 2018, SB 4 would authorize \$600 million in state general obligation bonds to be allocated as follows:

- \$200 million to the California Transportation Commission for projects eligible for funding from the Trade Corridors Improvement Fund
- \$200 million to the State Air Resources Board for projects and programs consistent with the Goods Movement Emission Reduction Program
- \$200 million to the State Air Resources Board for projects and programs to expand the use of zero and near-zero emission trucks in extreme nonattainment areas for ozone and particulate matter

SB 4 would also expand the list of projects eligible for funding from the Trade Corridors Improvement Fund to include landside freight access improvements to airports.

**Shaded text represents new or updated legislative information*

Anticipated Impact/Discussion

Although SB 4 could provide additional funding opportunities for transportation projects, including landside freight access improvements to airports, the Authority's legislative team plans to work with the author of this bill, San Diego delegation members, and the California Airports Council to enhance SDIA's ability to compete for funds should voters approve this ballot measure in 2018. Currently, language included in this initial version of SB 4 would prevent the San Diego Association of Governments and other public agencies in San Diego County from nominating transportation improvement projects that would be financed from the \$360 million in Trade Corridors Investment Fund-related bond funds. Authority staff has begun discussions with SANDAG and other local government agencies in an effort to identify potential changes to this bill.

Status: 3/8/17 – Approved by Senate Committee on Transportation and Housing on a vote of 8-4 and re-referred to Senate Committees on Environmental Quality, and Governance and Finance

Position: Watch (1/5/17)

Legislation/Topic

SB 31 (Lara) – California Religious Freedom Act: state agencies: disclosure of religious affiliation information

Background/Summary

Current law prohibits a state agency from including a question regarding an applicant's race, sex, marital status, or religion in any application form for employment. This bill would prohibit a state or local agency or a public employee acting under color of law from providing or disclosing to the federal government personally identifiable information regarding a person's religious beliefs, practices, or affiliation, as specified, when the information is sought for compiling a database of individuals based on religious belief, practice or affiliation, national origin, or ethnicity for law enforcement or immigration purposes.

Anticipated Impact/Discussion

SB 31 would not directly impact San Diego International Airport (SDIA), as the Authority's Talent, Culture and Capability department does not currently share these categories of protected information with external agencies.

Status: 3/31/17 – Passed Senate Appropriations Committee by vote of 5-0

Position: Watch (3/2/17)

**Shaded text represents new or updated legislative information*

Legislation/Topic**SB 54 (De Leon) – Law enforcement: sharing data****Background/Summary**

Current law provides that when there is reason to believe that a person arrested for a violation of specified controlled substance provisions may not be a citizen of the United States, the arresting agency shall notify the appropriate agency of the United States having charge of deportation matters. This bill would repeal those provisions. This bill would also prohibit state and local law enforcement officials from detaining individuals for suspected immigration violations.

Anticipated Impact/Discussion

Although this bill would not directly impact San Diego International Airport (SDIA), its passage could impact the operations of Harbor Police or other law enforcement agencies operating at SDIA.

Status: 3/31/17 – Approved by Senate Appropriations Committee by vote of 5-2 and ordered to a third reading

Position: Watch (3/2/17)

**Shaded text represents new or updated legislative information*

Federal Legislation

New House Bills

Legislation/Topic

H.R. 1265 (DeFazio) – Investing in America: Rebuilding America’s Airport Infrastructure Act

Background/Summary

H.R. 1265, the “Investing in America: Rebuilding America’s Airport Infrastructure Act”, would provide airports the Authority to establish a passenger facility charge (PFC) of their choosing by eliminating the current \$4.50 PFC limit. This bill would also reduce Airport Improvement Program (AIP) funding by \$400 million annually and eliminate large hub airports’ entitlement to AIP grants if those airports collect PFCs greater than \$4.50.

Anticipated Impact/Discussion

H.R. 1265 would allow the Airport Authority the ability to establish a PFC based on SDIA funding needs rather than the Congressionally – set \$4.50 per passenger cap.

Status: 3/1/17 – Introduced in the House

Position: Support

House Bills from Previous Report

Legislation/Topic

H.R. 598 (Lynch) – Airplane Impacts Mitigation Act of 2017

Background/Summary

H.R. 598, the “Airplane Impacts Mitigation Act of 2017”, would require the Federal Aviation Administration (FAA) to enter into an agreement with an eligible institution of higher education to conduct a study of the health impacts of airplane flights on residents exposed to a range of noise and air pollution levels from flights. The study is directed to:

- Focus on residents in Boston, Chicago, New York, the northern California Metroplex, Phoenix, and not more than three additional metropolitan areas each containing an international airport.
- Consider the health impacts on residents living partly, or entirely within the land underneath the flight paths most frequently used by aircraft flying below 10,000 feet.
- Consider only the health impacts that manifest during the physical implementation of the NextGen program on flights departing from or arriving to an international airport located in one of the designated metropolitan areas.

**Shaded text represents new or updated legislative information*

Anticipated Impact/Discussion

Although this bill is not expected to directly impact operations at San Diego International Airport (SDIA), the information collected by the study may be useful in helping the Authority accurately describe any environmental and health impacts of the FAA's recently implemented NextGen program.

Status: 1/20/17 – Introduced in the House and referred to the House Committee on Transportation and Infrastructure

Position: Support (3/2/17)

Legislation/Topic

H.R. 665 (Keating) – Airport Perimeter and Access Control Security Act of 2017

Background/Summary

H.R. 665, the "Airport Perimeter and Access Control Security Act of 2017," would direct the Transportation Security Administration (TSA) to update:

- The Transportation Sector Security Risk Assessment for the aviation sector
- The Comprehensive Risk Assessment of Perimeter and Access Control Security for airports (as well as conduct a system-wide assessment of airport access control points and airport perimeter security)
- The 2012 National Strategy for Airport Perimeter and Access Control Security

Anticipated Impact/Discussion

Although this bill is not expected to impact operations at San Diego International Airport (SDIA), the updating of assessments by the TSA may lead to the future implementation of new security requirements. The Authority's legislative team will identify any unfunded mandates resulting from these proposed actions.

Status: 1/31/17 – Approved by the House on a voice vote

Position: Watch (3/2/17)

**Shaded text represents new or updated legislative information*

Legislation/Topic**H.R. 678 (McSally) – Department of Homeland Security Support to Fusion Centers Act of 2017****Background/Summary**

Fusion centers were created to promote information sharing at the federal level between agencies such as the Central Intelligence Agency, the U.S. Department of Justice, the U.S. military and state and local governments. H.R. 678, the “Department of Homeland Security Support to Fusion Centers Act of 2017” would:

- Direct the Comptroller General to conduct an assessment of Department of Homeland Security (DHS) personnel assigned to fusion centers
- Direct the Under Secretary of Intelligence and Analysis of the Department of Homeland Security to provide eligibility for access to information classified as Top Secret for analysts at fusion centers, and submit a report to the Committee on Homeland Security, Permanent House Select Committee on Intelligence, Committee on Homeland Security and Government Affairs and Senate Select Committee on Intelligence
- Direct the Chief Information officer of the Department of Homeland Security to conduct an assessment of information systems used to share homeland security information between fusion centers and the Department.

Anticipated Impact/Discussion

Although this bill is not expected to impact operations at San Diego International Airport (SDIA), it will be monitored closely for any potential impact to Department of Homeland Security or Customs and Border Protection procedures.

Status: 1/31/17 – Approved by House on a voice vote

Position: Watch (3/2/17)

**Shaded text represents new or updated legislative information*

New Senate Bills

No new Senate bills to add.

Senate Bills from Previous Report

Legislation/Topic

S. 271 (Fischer) – Build USA Infrastructure Act

Background/Summary

S. 271, the “Build USA Infrastructure Act” would divert \$21.4 billion annually in Customs and Border Protection (CBP) passenger and freight user fees to the Highway Trust Fund. This funding would be diverted for a five-year period, beginning October 1, 2020.

Anticipated Impact/Discussion

Airports Council International –North America (ACI-NA) strongly opposes this bill. User fees should be applied for their intended use, not diverted to subsidize other programs, especially as CBP continues to face significant staffing shortfalls and technological challenges. As San Diego International Airport (SDIA) continues to expand international air service, this bill could have a negative impact on CBP’s ability to effectively process international passengers.

Status: 2/1/17 – Introduced in Senate

Position: Oppose (3/2/17)

**Shaded text represents new or updated legislative information*



April 2017 Legislative Report

Presented by: Matt Harris,
Senior Director, Assets and Alliances

April 6, 2016

New State Legislation

Assembly Bills (*Recommendation - WATCH*)

AB 496 (Fong) – Traffic Relief and Road Improvement Program/Fund

AB 805 (Gonzalez Fletcher) – SANDAG Governance Reform

AB 1069 (Low) – Taxicab Transportation Services

AB 1259 (Calderon) – Clean Truck, Bus, Off-Road Vehicle Equipment Technology

New State Legislation

Assembly Bills (*Recommendation - WATCH*)

AB 1286 (Friedman) – Customer Facility Charges

AB 1333 (Dababneh) – Political Reform Act: Public Notices

AB 1581 (Oberholte) – Charter-Party Carriers: Spot Bill

New State Legislation

Senate Bills (*Recommendation - WATCH*)

SB 450 (Hertzberg) – Public Agency Bond Issuance Notice

SB 686 (Wilk) – Public Contracts: Claim Resolution

SB 775 (Wieckowski) – Greenhouse Gas Emissions Reduction

New Federal Legislation

H.R. 1265 (DeFazio/Massie)

Investing in America: Rebuilding America's Airport Infrastructure

- Eliminates the \$4.50 cap on the Passenger Facility Charge
- Reduces Airport Improvement Program (AIP) funding by \$400 million annually
- Eliminates large hub airports' entitlement to AIP grants if the hub collects PFC greater than \$4.50

Recommendation - SUPPORT



Recommended Action

**Adopt Resolution Approving
the April 2017
Legislative Report**

Questions?



Item 20

**Review of the Draft Five-Year Strategic Plan for the San Diego County
Regional Airport Authority**

Meeting materials are not available at this time

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STAFF REPORT

Meeting Date: **APRIL 6, 2017**

Subject:

Business and Travel Expense Reimbursement Reports for Board Members, President/CEO, Chief Auditor and General Counsel When Attending Conferences, Meetings, and Training at the Expense of the Authority

Recommendation:

For information only.

Background/Justification:

Authority Policy 3.30 (2)(b) and (4)(b) require that business expenses reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting. Authority Policy 3.40 (2)(b) and (3)(b) require that travel expense reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

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

Fiscal Impact:

Funds for Business and Travel Expenses are included in the FY 2016-2017 Budget.

Authority Strategies:

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

- | | | | | |
|--|--|--|---|--|
| <input checked="" type="checkbox"/> Community Strategy | <input type="checkbox"/> Customer Strategy | <input type="checkbox"/> Employee Strategy | <input type="checkbox"/> Financial Strategy | <input type="checkbox"/> Operations Strategy |
|--|--|--|---|--|

Environmental Review:

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

Application of Inclusionary Policies:

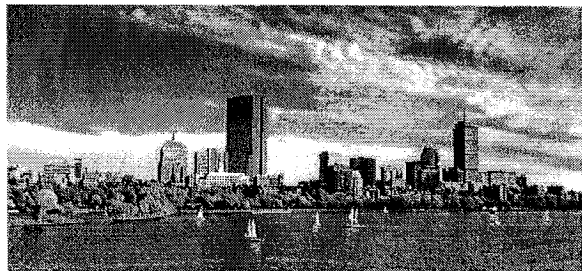
Not applicable.

Prepared by:

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

TRAVEL REQUEST

MARK BURCHYETT



AAIA 28th Annual Conference

Join us at our 28th annual conference in Boston, MA ~~next year!!~~

Date: June 25th – 28th, 2017.

Hotel: The Boston Park Plaza –

www.bostonparkplaza.com

WHY ATTEND?

LEARN FROM THE EXPERTS

Sessions are led by industry experts and peers with expertise in the presentation subjects – people that you don't just run into every day. Their goal is to share their experiences and focus on the topics that are pertinent to you. Gain insights and inspiration to help you do your job better.

CUSTOMIZED EDUCATION

There are concurrent sessions categorized by track, allowing you to choose the ones that are most important for you.

BRING NEW ENERGY TO YOUR WORK

Gain exposure to new ways of thinking by exchanging ideas and building relationships with people who have faced similar challenges on the job. Find out how issues were resolved and become inspired to try new approaches during our Group Share sessions.

PROFESSIONAL DEVELOPMENT

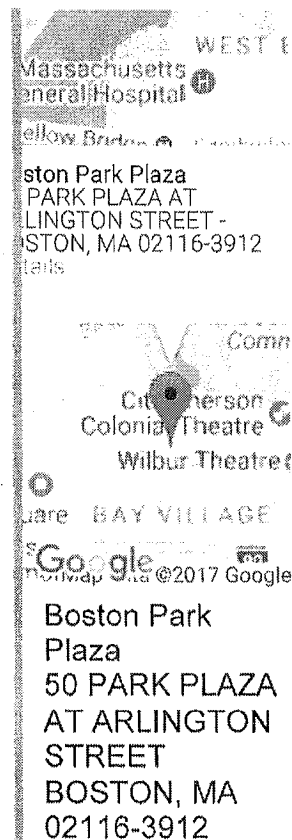
Accreditation and training is a way to separate you from the crowd. This conference qualifies for up to 18 hours of continuing professional education (CPE), with an optional 3 additional hours available during the extended session. Break times and meals are excellent opportunities to network with your fellow auditors in a casual atmosphere.

HAVE SOME FUN, TOO!

This conference is not just for feeding your brain. Special events give you the chance to network, relax, and enjoy your surroundings in a great location. Stay tuned for more information!

MORE ABOUT BOSTON

For visitors information and things to do in Boston, Please visit
<https://www.bostonusa.com/aaia2017/>



Upcoming Conference

Forum

- Come join us at our 28th annual conference in Boston, MA ~~next year~~ - June 25th - 28th, 2017.
Stay tuned for more information!

VIEW EVENTS

Registration form and conference schedule have not been published yet.

Have your questions answered and share new industry developments and best practices with the largest group of airport internal auditors, in this unique online discussion.

FORUMS

Membership Benefits

AAIA's private membership directory for networking. An exclusive database of airport audit programs and reports. Forum subscription to access advice, best practices and other industry information.



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TRAVEL EXPENSE

APRIL BOLING

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

TRAVEL EXPENSE REPORT - Board Members

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

Board member name:

April Boling

Departure Date:

2/26/2017

Return Date:

2/28/2017

Report Due:

3/30/17

Destination:

Dallas, Texas - 2017 Public-Private- Partnership (P3) Conference

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.

⁵ Business Expense Reimbursement Policy 3.30

⁴ Travel and Lodging Expense Reimbursement Policy 3.40

| | Authority Expenses (Prepaid by Authy) | Board Member Expenses | | | | | | | TOTALS |
|--|--|-----------------------|-------------------|--------------------|-----------|----------|--------|----------|--------|
| | | SUNDAY 2/26/17 | MONDAY 2/27/17 | TUESDAY 2/28/17 | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY | |
| Daily PerDiem Limitations: | | | | | | | | | |
| **GSA Daily Hotel Rate or Conference Hotel Rate | | 179.00 | 179.00 | | | | | | |
| **GSA Daily Meals, Entertainment & Incidentals (ME&I) | | 64.00 | 64.00 | 64.00 | | | | | |
| Air Fare, Railroad, Bus (attach copy of itinerary w/charges) | | 339.68 | | | | | | | 339.68 |
| Conference Fees (provide copy of flyer/registration expenses) | 495.00 | | | | | | | | 0.00 |
| Rental Car | | | | | | | | | 0.00 |
| Gas and Oil | | | | | | | | | 0.00 |
| Garage/Parking | | | | | | | | | 0.00 |
| Mileage - attach mileage form | | | | | | | | | 0.00 |
| Taxi/Shuttle Fare (include tips pd.) To/From meetings, airport, etc. | | 30.00 | | 30.00 | | | | | 60.00 |
| Hotel - Actual Expense Paid - <u>Excluding Taxes</u> | | 179.00 | 179.00 | | | | | | |
| Allowable Hotel (Lessor of Actual or GSA Allowance) | | 179.00 | 179.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 358.00 |
| Hotel Taxes Paid | | 27.31 | 27.31 | | | | | | 54.62 |
| Telephone, Internet and Fax | | | | | | | | | 0.00 |
| Laundry | | | | | | | | | 0.00 |
| Meals, Entertainment & Incidentals (M,E&I): | | | | | | | | | |
| Meals (include tips pd.) | | | | | | | | | |
| Breakfast | | | | | | | | | |
| Lunch | | | 19.24 | | | | | | |
| Dinner | | 24.15 | | | | | | | |
| Other Meals | | | | | | | | | |
| Entertainment (Hospitality) | | | | | | | | | |
| Tips Paid to Maids, Bellhops and other hotel servers | | | | | | | | | |
| Taxi/Shuttle Fare (include tips pd.) To/From meal destinations | | | | | | | | | |
| Total Meals, Entertainment & Incidentals | | 24.15 | 19.24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| GSA Allowance for M,E&I (from above) | | 64.00 | 64.00 | 64.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Allowable M,E&I (Lessor of Actual or GSA Allowance) | | 24.15 | 19.24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 43.39 |
| <i>Alcohol is a non-reimbursable expense</i> | | | | | | | | | 0.00 |
| Miscellaneous: | | | | | | | | | 0.00 |
| | | | | | | | | | 0.00 |
| | | | | | | | | | 0.00 |
| Total Expenses | 495.00 | 600.14 | 225.55 | 30.00 | 0.00 | 0.00 | 0.00 | 0.00 | 855.69 |

Add any additional details as needed for explanation (attach add'l sheet if needed):

Grand Trip Total 1,350.69

Less Cash Advance (attach copy of Authority ck)

Less Expenses Prepaid by Authority 495.00

Due Traveler - if positive amount, prepare check request

Due Authority - if negative, attach check payable to SDCRAA 855.69

Note: Send this report to Accounting even if the amount is \$0.

Alcohol is a non-reimbursable expense

¹Give names and business affiliations of all persons whose meals were paid by traveler.

Failure to attach required documentation will result in the delay of processing reimbursement. If you have any

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.

Prepared By:

Linda Gehlken

Ext.:

x2557

Traveler Signature:

[Signature] Print/Type Name

Date:

3/10/17

Administrator's signature:

Date:

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE (To be completed by Clerk)

I, _____ hereby certify that this document was approved by the Executive Committee at it's meeting on _____.

Clerk Signature:

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: C. APRIL
Travelers Name: April C. Boling 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: 12/2/16 PLANNED DATE OF DEPARTURE/RETURN: 2/26/17 / 3/1/17

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

Destination: Dallas, TX.

Purpose: Attend 2017 Public-Private Partnership (P3) Conference

Explanation: _____

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:

- AIRFARE \$ 350.00
- OTHER TRANSPORTATION (Taxi, Train, Car Rental) \$ 125.00

B. LODGING \$ 550.00

C. MEALS \$ 200.00

D. SEMINAR AND CONFERENCE FEES \$ 495.00

E. ENTERTAINMENT (If applicable) \$

F. OTHER INCIDENTAL EXPENSES \$ 50.00

TOTAL PROJECTED TRAVEL EXPENSE \$ 1,770.00

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

Travelers Signature:  Date: 12/2/16

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 12/5/16 meeting.
(Leave blank and we will insert the meeting date.)



Invoice #255295

Invoice From:

P3C MEDIA LLC

45-4798848

607 Rockefeller

Irvine, CA 92612

Invoice Date:

Dec 2, 2016

Invoice To:

Billed Contact: Linda Gehlken

(P-card)

Company: San Diego County Regional Airport Authority

Address: P.O. Box 82776

City: San Diego

Country: United States

State: CA

Zip Code: 92138

Registration for 2017 P3 Conference - C. A. Boling

Paid

| Ticket | Name | Price | Subtotal |
|--|-----------------|---------|-------------------|
| Advance Registration - Government/Public Agency/University | C. April Boling | US\$495 | US\$495 |
| | | | Total: 495 |

Payment Date: Dec 2, 2016

Paid Via Visa -

This invoice was issued by *P3C Media LLC* using the Bizzabo platform. Bizzabo is not the seller of the good or services specified on the invoice and does not assume any responsibility for any information contained herein. Your payment of the amounts set forth in this invoice are remitted to the *P3C Media LLC*. The *P3C Media LLC* alone remains responsible for the delivery of the goods or service. Bizzabo assumes no responsibility relating to the event, the goods, the services, this invoice or to any act or omission on the part of the *P3C Media LLC*.



489357

P3C 2017

Advance Registration - Government/Public
Agency/University

US\$495



February 27, 2017 08:00AM - March 1, 2017 03:00PM



Dallas Downtown Sheraton Hotel & Conference Center



400 North Olive Street, Dallas, TX 75201, United States

C. April Boling

EVENT DETAILS**GET INVOLVED****REGISTER**<http://thep3conference.com/registratio>

Program Details

P3C 2017 Preview



With keynotes, case studies, panels, workshops, and diverse networking opportunities, attendees will deepen their understanding on the value proposition of P3s, and the role they can play in the delivery of essential public infrastructure.

The program is designed to help you explore alternative delivery methods, plan and procure successful P3 initiatives, discover industry best practices in selecting and negotiating with prospective partners, and steps to take to ensure project success.

Over 100 leading practitioners will present their firsthand observations of P3 projects of all sizes in different markets from around the country. We will also offer multiple days of in-depth roundtable discussions for audience members interested in discussing specific issues in a more candid and interactive forum. Facilitated by some of our industry's leading experts, participants will be able to ask questions and share experiences on specific case studies, targeted issues, and topics shaping the P3 landscape while meeting other project owners confronting similar challenges.

Attendees with little experience in the development and operation of the P3 model will benefit from our industry experts presenting their knowledge, and valuable insights into market trends crucial for business decisions.

More seasoned professionals will benefit from our incredible networking opportunities, cultivate relationships with project owners, and learn new methods to address complex project delivery goals.

We will offer multiple daily breaks, receptions, one-on-one meeting areas, and specific events designed for you to meet P3 professionals, project owners, and a chance to reconnect with old colleagues.

With over 1,200 participating delegates, attendees find P3C to be one of the most effective places on their event schedule to cultivate relationships and network with the industry's most active and influential professionals.

What's on the Agenda?

P3C provides attendees the opportunity to learn, discuss and share evolving concepts and state-of-the-art techniques (political strategies, financing details, etc.) in P3s.

A comprehensive list of best practices and lessons learned will be presented in the agenda including:

Pre-award discussion elements:

- Defining project requirements and identifying appropriate project delivery models
- Political considerations for developing and implementing P3 projects
- The need for public champions, and how to get the right decision makers on board
- Best practice overviews in P3 procurement
- How to score, select, and negotiate with prospective partners
- Identifying the merits and risks of P3 structures
- Perceived obstacles to P3s
- P3 options for small communities seeking partnerships

Teamwork and collaboration discussion elements:

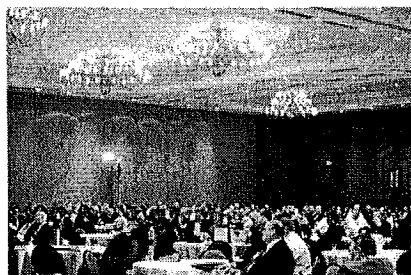
- The importance of early engagement with private partners
- Integration tools and techniques that enhance collaboration
- Owner roles/responsibilities in executing a P3
- Risk balance and expectation management in P3s
- What impact P3s have on rating and debt capacity
- Assessing the feasibility of P3 projects

Advanced discussion elements:

- Risk identification, mitigation, and tradeoff strategies
- Asset monetization of non-core infrastructure assets using P3s
- Innovative financing solutions and value proposition for P3
- Contract administration
- Value creation from transferring operations and maintenance
- Latest innovations and life-cycle efficiencies in P3 delivery
- The influence of design within the P3 process

The program also offers entry level informational sessions for newcomers to P3s, and strategy sessions meant specifically for smaller P3 projects (main street, schools, civic projects, etc.).

Please visit our [schedule-at-a-glance page \(http://thep3conference.com/2017_agenda/?preview=true\)](http://thep3conference.com/2017_agenda/?preview=true) for complete conference times.

2017 Discussion Topics:**A Year in Perspective – What to Watch**

A review of the most notable developments that shaped the P3 landscape in the past year, and a discussion addressing some of the major political, policy, and project developments that will define the U.S. P3 experience in 2017.

P3 and the New Administration

An overview of the infrastructure investment policy framework under the Trump Administration, and what this might realistically mean for P3.

Public Agency P3 Preparedness Panel

A lively discussion by public agency officials on how to successfully plan, procure, and negotiate a successful P3 initiative.

Screening for Success: Projects and Methods Public Agencies Use to Evaluate P3 Delivery

The concept of a P3 is now commonplace among public officials, but why do P3 transactions still fail to launch or terminate during procurement? One solution is to develop a robust screening process. Through an interactive panel format, hear international best practices as well as U.S. methodologies for implementing screening tools, the lessons learned, and ways you can apply project screening to your next capital improvement plan process.

Community Engagement is Not an Afterthought: The Denver Story

Join representatives from the City and Country of Denver as they explore the successes and opportunities brought to their community through successful P3 programs.

Long Beach Civic Center Case Study

The \$520 million design-build-finance-operate-maintain civic center project will replace the City of Long Beach's old city hall and provide new offices for the Port of Long Beach, a new city library and a retail marketplace and public park that will serve residents and visitors of Long Beach for years to come.

The Cultural Shift: Changing a Public Agency's Mindset from "Comfort in Past Experience" to "Eagerness for a New Challenge"

Many public agencies are interested in pursuing P3s, but they face internal and political obstacles. Hear from a panel of public agency representatives who changed their agency's culture and mindset to open new doors and opportunities.

Could Deferred Maintenance Lead to the Next Pension Crisis?

When government entities defer maintenance to cut costs, they mostly do so without understanding the additional burden they are placing on their capital budget in the future. While politically and fiscally expedient in the near-term, deferring maintenance creates long-term structural inefficiencies that are creating a drag on the economy. This session will be a discussion about measuring: (1) the true cost of deferring maintenance; and (2) the benefits P3s can provide to the wider economy.

UC Merced 2020 Project – A Path Breaking Social Infrastructure P3 Project

In this panel discussion, university representatives and private sector experts will discuss key features of this innovative P3, including why the delivery model best meets the University's goals for the project; the bundling of revenue and non-revenue generating facilities into a single project; how political risks and stakeholder engagement was managed; the innovative financing structure; risk allocation and mitigation strategies; and key features of the procurement process.

P3 Projects Under \$100 Million: How to Structure a P3 to Create Genuine Value

While large scale P3 projects capture headlines, many social infrastructure opportunities fall into the \$30 million - \$100 million range. Attendees will be introduced to a variety of components that lead to cost savings on smaller scale P3 projects, and illustrate how smaller scale P3s can be built on-time, on or under budget and with a lower cost structure than if delivered through a conventional public delivery process.

P3 & The Road Ahead for Commercial Developers: The Intersection of Opportunity and Challenge

P3 is moving into new territory in the U.S. and proving it can enhance the opportunities for commercial development. One tool being used is a Hybrid P3 that involves a surprising group of partners and unique finance and delivery structures. This panel discusses how the hybrid model can help integrate commercial developments into or alongside P3 projects supporting civic interests, including arenas, hospitals, fine arts centers, water treatment facilities, student housing and other public facilities.

Payment and Performance Guarantee – P3s for American Infrastructure

Risk, performance security, and completion guarantees take many forms in the procurement of American Infrastructure. Learn about best practices from industry experts, ensuring greatest taxpayer value, responsible asset management and public investment protection.

P3 Risk Transfer: Myth or Reality

The transfer of risk is an important element of a P3, but how much is truly understood about those risks that should be transferred and what should be retained by the owner – and why?

Opportunities For Investment In Airport Infrastructure

The panel will discuss the various opportunities for investment in airport infrastructure, from full privatization to terminal redevelopment through long-term leases to private airport operators that can be done outside of the FAA program.

P3 Fact Check – For Big Infrastructure Projects, is Government Debt Really Cheaper?

Performance based P3s have been completed on time and in most cases ahead of schedule with no cost overruns. This is because P3s are about incentives. Through an interactive panel format attendees will explore the cost of capital conversation based on three delivery approaches while using actual financing examples, risk transfer and long-term operations and maintenance as discussion points.

Rapid Growth is on its Way: The Direction of the US P3 Market Across Sectors and the Country

An overview of the P3 market including discussion on new sectors, new regions, the key drivers of market growth, and its future direction.

P3s and Rural America: Where P3 can Work and Where it Shouldn't

P3s bring value and benefits for the right project. The key to successful procurement is knowing when the model works and when it doesn't. Best practices for P3 include understanding the model, identifying appropriate risks, and ensuring that the public needs are met in a compelling manner.

Diversity & Inclusion Programs for P3 Projects

Join a dynamic discussion to address the successes and challenges to diversity and inclusion programs on P3 projects.

The Growth of the P4 Market

Through an interactive panel format, attendees will hear from federal and non-federal government agencies about what is driving P3s across multiple sectors, new market entrants, and opportunities such as those related to water resources, resiliency, etc.

Structuring P3s for University Infrastructure Projects

A panel of higher education experts discussing the process to successfully execute a P3 for campus infrastructure projects, and the importance of creating an atmosphere of cooperation and teamwork throughout the negotiation process.

Debt, Equity and Everything In Between

This session will explore the various P3 models that have been successful in higher education, particularly with student housing, comparing the various tax-exempt and taxable debt models, equity options and government programs. We will also discuss how P3 financing models impacts a university's credit profile and balance sheet.

Leveraging P3s for Institutional Transformation and Maximum Community Impact

Higher Education establishments worldwide are re-thinking their business models, investigating how to improve community impact and developing innovative P3s to accelerate these transformations. Attendees will learn how Universities are leveraging design thinking to integrate state, city, industry, community, transit, financial, real estate and other partners for increased social and economic outcomes.

Delivering Strategic Solutions for Municipal Water Challenges Under P3s

Let's navigate through the benefits afforded by the different P3 models and discuss the key components of successful water P3s currently underway across the nation.

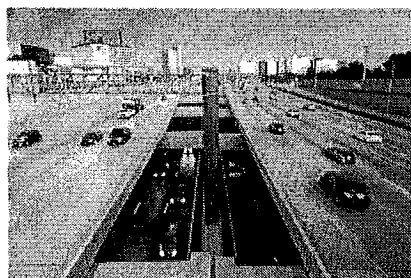
Overcoming Barriers to Advance P3s for Water Infrastructure

This session will demystify P3s and address the barriers that can deter communities from pursuing a P3 as a potential solution to their water challenges. A panel comprised of both private and public sector representatives will share their respective experiences in overcoming public resistance to private participation in water projects.

Creating and Adapting P3s in the Water Sector

Case studies by two owners with water P3 projects will form the backdrop of a lively discussion that will develop the water Sector P3 "Road Map" for owners.

P3 Hits the Highway Tour – Dallas's LBJ Express



Experience firsthand one of the largest public-private partnership (P3) transportation projects in Texas!

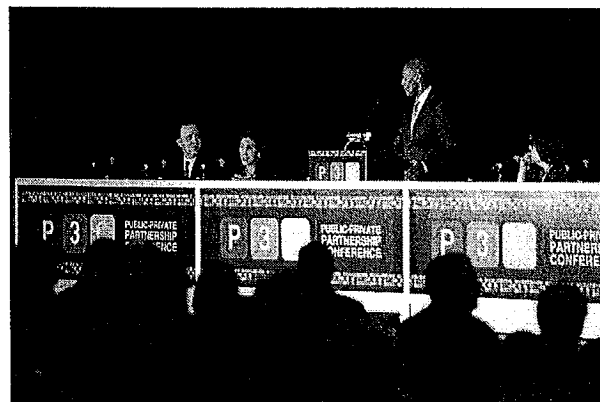
The LBJ Express project team will host a limited number of P3 Conference attendees for a free, two-hour bus tour of the \$2.7 billion highway reconstruction project along Interstates 635 and 35E and Loop 12, which was completed in September 2015.

Tour participants will get an up-close look at the roadway, including the innovative managed lanes (known as TEXpress Lanes), which utilize real-time data to adjust toll rates to reduce congestion. The tour will also include a stop at the LBJ Express operations center for a look at the technology behind the 13-mile P3 project.

Sponsored by:



2016 Conference Summary



In total, 40 in-depth sessions were covered over the three day event.

Agenda (download (http://thep3conference.com/wp-content/uploads/2016/02/P3C-2016-Program-book_Final-2-23-16.pdf))

The conference discussed the state of the US P3 industry, and highlighted the various types of P3s underway. Specifically, presenters from leading public agencies and industry practitioners examined the many elements of P3 structures currently in use and how to evaluate their respective merits and risks.

The conference also examined how public agencies are determining the optimal delivery model for public projects, and what they're thinking when considering a P3 opportunity. Panelist shared insights on what's needed to demonstrate the "business case" to take forward a project in today's market as well as what's stopping governments from launching P3s.

Finally, the agenda discussed the best practices and lessons learned from a variety of projects that have been accelerated under the P3 model, illustrated the latest innovations and life-cycle efficiencies in P3 delivery, and examined what our capital markets are expecting from P3s.

Keynote Speakers

Honorable John Hickenlooper, Governor, State of Colorado

Hear from Governor Hickenlooper on how Colorado plans to leverage public-private partnership investments for strategic projects across the state and how public-private partnerships will keep Colorado's economy growing.



Deborah Flint, Executive Director of Los Angeles World Airports

With oversight over three airports, Flint is responsible for managing the largest public works project in the history of the City of Los Angeles. More than \$8.5-billion for capital improvement expenditures at LAX are being used to improve passenger safety, and security, while enhancing the overall guest experience.



Dale Bonner, Executive Chairman, Plenary Concessions 2016: A Year in Perspective – What to Watch

As part of the opening session, the Executive Chairman of one of North America's leading P3 investors will provide a review of the most notable developments that shaped the P3 landscape in the past year, and address some of the major political, policy, and project developments that will define the U.S. P3 experience in 2016.



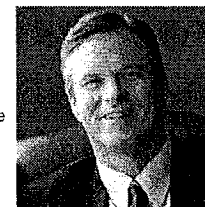
Honorable Michael Hancock, Mayor, City & County of Denver What Big City Mayors Think When Looking For P3 Opportunities

Denver Mayor Michael B. Hancock will share thoughts and insights on what a big city mayor thinks when looking for P3 opportunities and what successful partnerships look like from his perspective. In this opening session of the 2016 conference, Mayor Hancock will also share his development plans for the city of Denver and discuss how public-private partnerships can play an important and larger role in getting cities moving.



Harvey Hilderbran, Executive Director, Texas Facilities Commission Ramping Up Texas' P3 Market

Harvey Hilderbran manages the daily activities of Texas Facilities Commission, and the newly opened Center for Alternative Finance and Procurement. Mr. Hilderbran will provide an overview of the political context of the new center and offer his seasoned insights of the Texas P3 landscape.

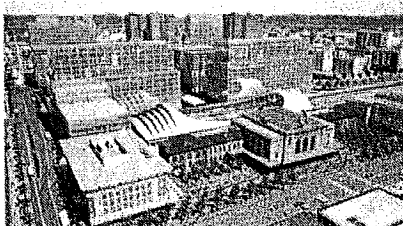


Featured Plenary Session Panel Discussions

Innovations in P3 Delivery – Best Practice Solutions for Infrastructure Needs

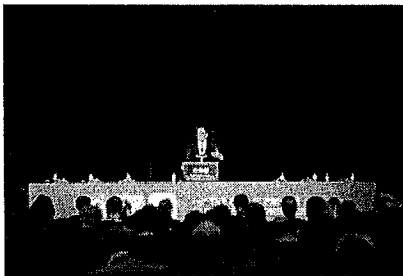
(<http://thep3conference.com/session-5/>)

As the public-private partnership model develops in the United States, there are opportunities to refine and create further solutions which showcase innovation and best practices. Join a panel of industry experts as they discuss innovated ideas and positive results of the public-private partnership model.



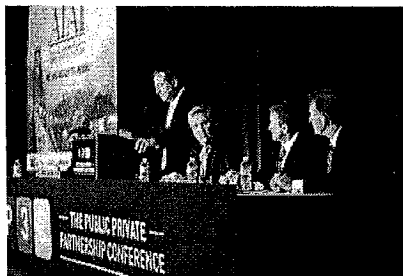
What's Stopping Public Officials From Launching P3s (<http://thep3conference.com/session-12/>)

The public-private partnership approach is highly complex and easily misunderstood. This discussion focuses on how we can bridge the knowledge gap between public and private sector officials, and the concerns and misconceptions that are keeping public sector officials from pursuing more projects through the alternative delivery method.



Operations & Maintenance – Transforming Public Infrastructure (<http://thep3conference.com/session-18/>)

Operations and maintenance is the glue that binds partners over the long-term relationship of a public-private partnership. Join a panel of experts as they share their insights on innovation and life-cycle efficiencies when operations and maintenance is brought to the table.



Attracting the Right Partner: Procuring P3s (<http://thep3conference.com/session-19/>)

Being able to engage the right partner starts with a well-prepared, commercially sustainable project. This session begins with a discussion about what is needed to demonstrate the "business case" to take forward a project as a P3.



Other Featured Sessions (download (http://thep3conference.com/wp-content/uploads/2016/02/P3C-2016-Program-book_Final-2-23-16.pdf))

| | | |
|---|---|--|
| <u>The State of the U.S. P3 Market</u> (http://thep3conference.com/session-6/) | <u>How We Are Making P3s Work For Us</u> (http://thep3conference.com/session-3/) | <u>Master Development P3's: A View to the Future</u> (http://thep3conference.com/session-29/) |
| <u>A Template for Instilling Confidence in the Procurement Process</u> (http://thep3conference.com/session-4/) | <u>Soup to Nuts: Delivering a P3</u> (http://thep3conference.com/session-16/) | <u>Social Infrastructure and Innovative P3s</u> (http://thep3conference.com/session-15/) |
| <u>Higher Education in Focus: Is P3 the path to long-term viability?</u> (http://thep3conference.com/session-23/) | <u>Influence of Design within the P3 Pursuit</u> (http://thep3conference.com/session-9/) | <u>To P3 or Not to P3: Identifying the Appropriate Project Delivery Model</u> (http://thep3conference.com/session-14/) |
| <u>Kentucky Closes Deal on Biggest P3 for Open-Access Statewide Fiber Access</u> (http://thep3conference.com/session-37/) | <u>P3 Risk Balance and Expectation Management</u> (http://thep3conference.com/session-8/) | <u>The Value Of Collaborative Partnerships In Higher Education</u> (http://thep3conference.com/session-31/) |
| <u>The Time to Enact Comprehensive P3 Legislation is Now</u> (http://thep3conference.com/session-13/) | <u>The Pennsylvania Rapid Bridge Replacement Project</u> (http://thep3conference.com/session-11/) | <u>P3: The American Model</u> (http://thep3conference.com/session-7/) |
| <u>Winning P3 Formulas for Water Infrastructure Projects</u> (http://thep3conference.com/session-30/) | <u>Making the Partnership Work: Implementing P3s</u> (http://thep3conference.com/session-17/) | <u>One Year Later: An Introspective Look into the University System of Georgia Student Housing P3</u> (http://thep3conference.com/session-40/) |

| | | |
|---|---|--|
| <u>Getting Convention Hotel Deals Done – Pitfalls, Advice, and Lessons Learned</u> (http://thep3conference.com/session-32/) | <u>What are Infrastructure Exchanges and What Role Do They Play in the P3 Market</u> (http://thep3conference.com/session-20/) | <u>Strategies & Success:</u> (http://thep3conference.com/session-21/) <u>P3 Champions of Hotels</u> (http://thep3conference.com/session-21/) |
| <u>EB-5 and P3: Advantages of Alignment</u> (http://thep3conference.com/session-22/) | <u>Availability Payment P3s for Port Projects</u> (http://thep3conference.com/session-10/) | <u>Higher Education P3 Success Story Case Studies</u> (http://thep3conference.com/session-24/) |
| <u>Public Water Infrastructure P3 Case Studies</u> (http://thep3conference.com/session-25-3/) | <u>Leveraging Private Investment Into Public Water Infrastructure</u> (http://thep3conference.com/session-26/) | <u>How Innovative P3s are Meeting Stormwater Compliance Requirements</u> (http://thep3conference.com/session-27/) |
| <u>Creating the "Glue" to Make Sports-Entertainment-Restaurant Districts Stick</u> (http://thep3conference.com/session-33/) | <u>Gaining and Maintaining Community Support for your P3 Project</u> (http://thep3conference.com/session-36/) | <u>P3s: Why Do We Need Them – Successes & Failures in P3 Public Building Projects</u> (http://thep3conference.com/session-43/) |

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|-----|---|---|--|
| AIR | Sunday, 26FEB 2017 |  | |
| | Southwest Airlines From: San Diego CA, USA To: Dallas Love Field TX, USA Stops: Nonstop Equipment: Boeing 737-700 Jet DEPARTS SAN TERMINAL 1 - ARRIVES DAL TERMINAL 1 FREQUENT FLYER NUMBER [REDACTED] Southwest Airlines Confirmation number is 5GCIGI | Flight Number: 3860 Depart: 02:50 PM Arrive: 07:40 PM Duration: 2 hour(s) 50 minute(s) Status: CONFIRMED | Class: O-Coach/Economy Miles: 1175 / 1880 KM |
| AIR | Tuesday, 28FEB 2017 |  | |
| | Southwest Airlines From: Dallas Love Field TX, USA To: San Diego CA, USA Stops: Nonstop Equipment: Boeing 737-700 Jet DEPARTS DAL TERMINAL 1 - ARRIVES SAN TERMINAL 1 FREQUENT FLYER NUMBER [REDACTED] Southwest Airlines Confirmation number is 5GCIGI | Flight Number: 1483 Depart: 05:30 PM Arrive: 06:40 PM Duration: 3 hour(s) 10 minute(s) Status: CONFIRMED | Class: M-Coach/Economy Miles: 1175 / 1880 KM |

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Ticket Nbr: WN2470935183 Electronic Tkt: No Amount: 309.68
Base: 261.84 Tax: 47.84
Charged to: [REDACTED]

Service fee: CATHERINE APRIL BOLING
Date issued: 12/12/2016
Document Nbr: XD0698348656 Amount: 30.00
Charged to: [REDACTED]

Total Tickets: 309.68
Total Fees: 30.00
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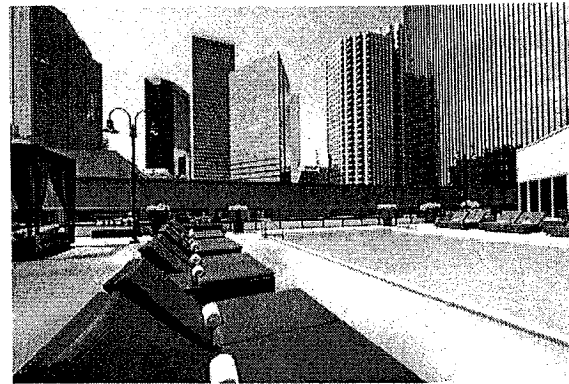
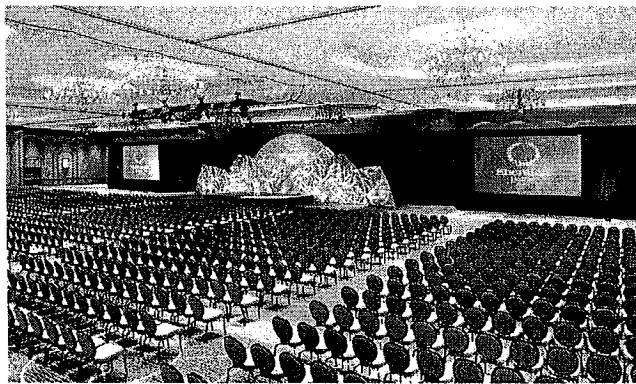
You can also use the Direct Dial Number 682-233-1914 or the collect number 682-647-0061.

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Hotel and Travel Information

The Sheraton Dallas Downtown Hotel is our event headquarters. A block of rooms are being held at the hotel at a special rate of \$179. Reservations must be made by February 17, 2017 or before the block is sold out in order to guarantee this rate. Reservations made after this date can only be honored on a space and rate available basis.



To make your hotel reservations, please click [here](https://www.starwoodmeeting.com/events/start.action?id=1606237179&key=11F6B825) (<https://www.starwoodmeeting.com/events/start.action?id=1606237179&key=11F6B825>) or call the hotel directly at (800) 325-3535 and identify yourself as part of The Public-Private Partnership Conference (P3C).

Transportation

The Sheraton Dallas Hotel is located at 400 North Olive Street in the downtown area of Dallas. Attendees are responsible for transportation to/from the airport and hotel.

Two major airports serve the Dallas-Fort Worth area and are convenient for staying at Sheraton Dallas:

Dallas/Ft. Worth International Airport (<http://www.dfwairport.com/>) (DFW) – 19 miles

Dallas Love Field Airport (<http://www.dallas-lovefield.com/>) -- (DAL) – 5 miles

Dallas Area Rapid Transit (DART) provides service from Terminal A at DFW airport to downtown Dallas. See [this link](https://www.dart.org/riding/dfwairport.asp) (<https://www.dart.org/riding/dfwairport.asp>) for more information about DART's DFW airport service.

DART also provides service from Dallas Love Field Airport to downtown Dallas. See [this link](https://www.dart.org/riding/lovefield.asp) (<https://www.dart.org/riding/lovefield.asp>) for more information about DART's Love Field airport service.

Super Shuttle provides ground transportation from DFW International and Love Field airports to the Sheraton. [Make your Super Shuttle reservations here](https://reservations.supershuttle.com/default.aspx?content=GroupReservations&GC=KPE3W) (<https://reservations.supershuttle.com/default.aspx?content=GroupReservations&GC=KPE3W>).

For more information about the Sheraton Dallas Hotel, you can contact their concierge desk at 214-922-8000

Local Attendees/Parking Transportation

If you are traveling to the Conference from a local destination each day, the conference team recommends taking the DART (<http://dart.org/>) train to the downtown Pearl Street Station. This train stop is 1/2 block away from the Sheraton Dallas, the host hotel for the conference. You can avoid in/out parking hassles and save money by using DART.

If you are driving, there are numerous options for parking in and around the Sheraton. The Sheraton offers self park in the Sheraton garage or valet parking. The Sheraton garage entrance is located off of Olive Street, across from the main entrance to the Sheraton.

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|--------------|---|-------------|-------|
| Page Number | : | 2 | |
| Guest Number | : | [REDACTED] | |
| Folio ID | : | A | |
| Arrive Date | : | 26-FEB-17 | 20:12 |
| Depart Date | : | 28-FEB-17 | 11:17 |
| No. Of Guest | : | 2 | |
| Room Number | : | 564 | |
| Club Account | : | SPG - A4785 | |

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PB18AA - P3 Conference Attendee Block

Page Number : 1
Guest Number : [REDACTED]
Folio ID : A
Arrive Date : 26-FEB-17 20:12
Depart Date : 28-FEB-17 11:17
No. Of Guest : 2
Room Number : 554
Club Account : SPG - A4785

Tax Invoice

Sheraton Dallas FEB-28-2017 11:17 VERLJON1

| Date | Reference | Description | Charges (USD) | Credits (USD) |
|-----------|-----------|------------------------|---------------|---------------|
| 26-FEB-17 | RT564 | Room Charge | 179.00 | |
| 26-FEB-17 | RT564 | 2% Tourism PID Fee | 3.58 | |
| 26-FEB-17 | RT564 | 7% City Occupancy Tax | 12.78 | |
| 26-FEB-17 | RT564 | 6% State Occupancy Tax | 10.95 | |
| 27-FEB-17 | RT564 | Room Charge | 179.00 | |
| 27-FEB-17 | RT564 | 2% Tourism PID Fee | 3.58 | |
| 27-FEB-17 | RT564 | 7% City Occupancy Tax | 12.78 | |
| 27-FEB-17 | RT564 | 6% State Occupancy Tax | 10.95 | |
| 28-FEB-17 | VI | Visa-7792 | | -412.62 |

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| Date | Code | Authorized |
|-----------|--------|------------|
| 26-FEB-17 | 04596D | 483.3 |

Approve EMV Receipt for VI - 7792: no CVM
TC:7FA58311BCCD40CB TVR:0080008000 AID:A0000000031010
Application Label:CAPITAL ONE VISA

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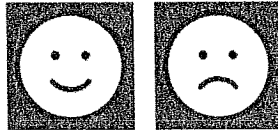
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| Tip | \$5.00 |
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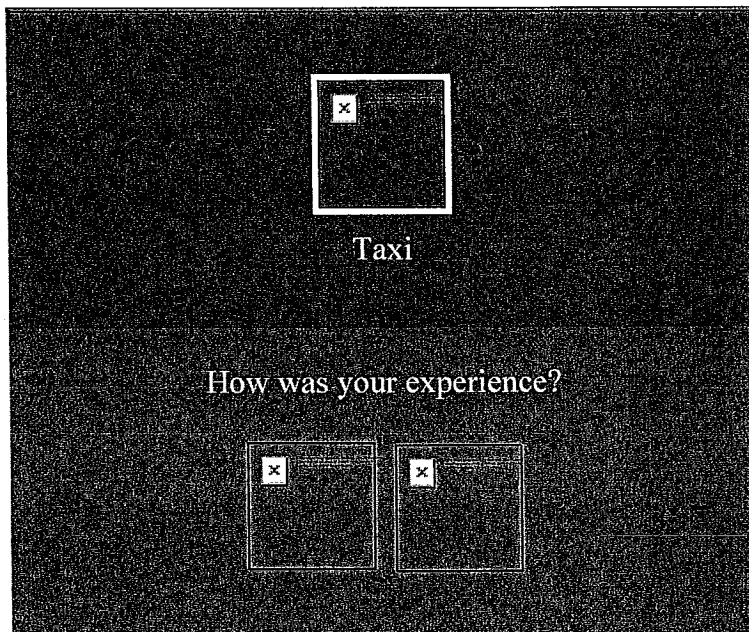
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Visa (Swipe)

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2017 at

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(October 2016 - September 2017)

Cities not appearing below may be located within a county for which rates are listed.

To determine what county a city is located in, visit the National Association of Counties (NACO) website (a non-federal website).

The following rates apply for Dallas Texas

| | | Max lodging by Month (excluding taxes) | | | | | | | | | | | | M&IE (5) | |
|-------------------------------|---------------|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------------|------|
| Primary Destination (1, 2) | County (3, 4) | 2016 | | | 2017 | | | | | | | | | | |
| | | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | | |
| Dallas | Dallas | \$135 | \$135 | \$135 | \$146 | \$146 | \$146 | \$146 | \$146 | \$146 | \$135 | \$135 | \$135 | \$135 | \$64 |

Footnotes

1. Traveler reimbursement is based on the location of the work activities and not the accommodations, unless lodging is not available at the work activity, then the agency may authorize the rate where lodging is obtained.
2. Unless otherwise specified, the per diem locality is defined as "all locations within, or entirely surrounded by, the corporate limits of the key city, including independent entities located within those boundaries."
3. Per diem localities with county definitions shall include "all locations within, or entirely surrounded by, the corporate limits of the key city as well as the boundaries of the listed counties, including independent entities located within the boundaries of the key city and the listed counties (unless otherwise listed separately)."
4. When a military installation or Government-related facility (whether or not specifically named) is located partially within more than one city or county boundary, the applicable per diem rate for the entire installation or facility is the higher of the rates which apply to the cities and/or counties, even though part(s) of such activities may be located outside the defined per diem locality.
5. *Meals and Incidental Expenses*, see Breakdown of M&IE Expenses for important information on first and last days of travel.

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EntryMode : SWIPE
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Trans Type : SALE
Trans Time : 02/26/2017 21:58
Trace No. : 139458
Reference # : 407057259328
Auth Code : 05137G

Subtotal : USD 28.15

Tip : USD 6.00

Total : USD 34.15

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EntryMode : SWIPE
Card Type : VISA
Trans Type : SALE
Trans Time : 02/26/2017 21:58
Trace No. : 139458
Reference # : 407057259328
Auth Code : 05137G

Subtotal : USD 28.15

Tip : USD _____

Total : USD _____

PLEASE SIGN BELOW

I agree to the terms of my
credit agreement.

*** MERCHANT COPY ***
Signature

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

MISSING RECEIPT FORM

Board Member/Executive Committee Member must complete form below.

Date of Purchase/Event: 2/26/17 / P3C Conference
Description of Item/Event: Dinner
Vendor/Event Name: TKT Lounge Sheraton Baller's Hotel
Dollar Amount: \$24.15
Reason for Missing Receipt: Did Not receive itemized
receipt.

I hereby certify that the original receipt in question was lost or none was issued to me.


Board Member Signature

3/7/17
Date

Executive Committee Member Signature

Date

Draft
Sheraton Dallas Downtown
Dallas, TX

Customer Copy

Table # : 1 /4
Server : 932070009Mark F
Merchant ID : 001060000019957840
Check No. : 78503
EntryMode : SWIPE
Card Type : VISA
Trans Type : SALE
Trans Time : 02/27/2017 13:16
Trace No. : 139966
Reference # : 407058260276
Auth Code : 091180

Subtotal : USD 16.24

Tip : USD 3.00

Total : USD 19.24

SIGNATURE VERIFIED

I agree to the terms of my
credit agreement.

*** CUSTOMER COPY ***
Signature

Sheraton Dallas Hotel
Draft
400 N Olive Street
Dallas, TX 75201

Contact Us: 214-922-8000
932070009 Mark F

CHK 78503 TBL 1/4 GST 1
2/27/2017 1:11 PM

1 Tex Mex Salad 15.00

Subtotal \$15.00

Sales Tax \$1.24

Total Due \$16.24

GRATUITY: _____

TOTAL: _____

ROOM # _____

PRINT NAME _____

SIGNATURE _____

Thank you for dining with us!!!

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/BU 6
 DEPARTURE DATE: 3/15/2017 RETURN DATE: 3/16/2017 REPORT DUE: 4/15/17
 DESTINATION: New Orleans, LA - Airport Revenue News Conference

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 |
|---|--------------|--|----------------------|---------------------|--------|----------|--------|--------|---------|--------|
| | | | Wednesday 3/15/17 | Thursday 3/16/17 | Friday | Saturday | Sunday | Monday | Tuesday | |
| Air Fare, Railroad, Bus (attach copy of itinerary w/charges) | | \$1,247.60 | | | | | | | | 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.)* | | | 42.00 | 42.00 | | | | | | 84.00 |
| Hotel* | | | 268.07 | | | | | | | 268.07 |
| Telephone, Internet and Fax* | | | | | | | | | | 0.00 |
| Laundry* | | | | | | | | | | 0.00 |
| Tips - separately paid (maids, bellhop, other hotel svcs.) | | | | | | | | | | 0.00 |
| Meals (include tips pd.) | Breakfast* | | | | | | | | | 0.00 |
| | Lunch* | | 7.52 | | | | | | | 7.52 |
| | Dinner* | | | | | | | | | 0.00 |
| | Other Meals* | | | | | | | | | 0.00 |
| Alcohol is a non-reimbursable expense | | | | | | | | | | |
| Hospitality 1* | | | | | | | | | | 0.00 |
| Miscellaneous: | | | | | | | | | | 0.00 |
| | | | | | | | | | | 0.00 |
| *Provide detailed receipts | | | | | | | | | | 0.00 |
| Total Expenses prepaid by Authority | | 1,247.60 | 317.59 | 42.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 359.59 |

| | | |
|--|---|-----------------|
| Explanation: <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> 1 Give names and business affiliations of any persons whose meals were paid by traveler. * Prepare Check Request * Attach personal check payable to SDCRAA </div> | Total Expenses Prepaid by Authority | 1,247.60 |
| | Total Expenses Incurred by Employee (Including cash advances) | 359.59 |
| | Grand Trip Total | 1,607.19 |
| | Less Cash Advances (attach copy of Authority ck) | |
| | Less Expenses Prepaid by Authority | 1,247.60 |
| | Due Traveler (positive amount)² | |
| Due Authority (negative amount)³ | 359.59 | |
| Note: Send this report to Accounting even if the amount is \$0. | | |

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.

Prepared By: Kim Ayers Ext.: 2445
 Traveler Signature: Thella F. Bowens Date: 3/24/17
 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.



**HYATT
REGENCY®**
NEW ORLEANS

Hyatt Regency New Orleans
601 Loyola Avenue
New Orleans, LA 70113
Tel: 1-504-561-1234
Fax: 1-504-523-0488
neworleans.hyatt.com

INVOICE

Payee MS Thella Bowens
Po Box 82776
San Diego CA 92138

Room No. 0804
Arrival 03-15-17
Departure 03-16-17
Page No. 1 of 1
Folio Window 1
Folio No. 948850

Confirmation No. 3683307501
Group Name Urban Expositions
Booking No. 32JDHLQB

| Date | Description | Charges | Credits |
|----------|-------------------------|--------------------|---------|
| 03-15-17 | Group Room | 229.00 | |
| 03-15-17 | Room - State Sales Tax | 22.90 | |
| 03-15-17 | Room - Local Sales Tax | 9.16 | |
| 03-15-17 | Hotel Occupancy Tax | 3.00 | |
| 03-15-17 | City Tourism Assessment | 4.01 | |
| 03-16-17 | American Express | XXXXXXXXXXXX-XX/XX | 268.07 |
| Total | | 268.07 | 268.07 |

Guest Signature

Balance

0.00

I agree that my liability for this bill is not waived and I agree to be held personally liable in the event that the indicated person, company or association fails to pay for any part or the full amount of these charges.

World of Hyatt Summary

Membership: [REDACTED]
Bonus Codes:
Qualifying Nights: 1
Eligible Spend: 229.00
Redemption Eligible: 35.06

Summary Invoice, please see front desk for eligibility details.

We hope you had an exceptional stay at Hyatt Regency New Orleans and look forward to hearing your feedback.

Please e-mail your comments to:
HRNO-Quality@hyatt.com

For inquiries concerning your bill please call 855-869-0846

Lost & Found: HRNO-LostAndFound@hyatt.com

**RECEIPTS FOR AIRPORT REVENUE NEWS CONFERENCE
NEW ORLEANS, LA
March 15, 2017 - THELLA F. BOWENS**

Häagen Dazs DFW LLC
DFW Intl Gate C
Dfw Airport, TX
927-574-6379
Workstation 1

03-15-17 12:26 PM Invoice #300625
Employee ID#123

| | |
|-------------------|-------|
| Blended | 6.95 |
| Smoothies Regular | |
| Strawberry Banana | |
| SUBTOTAL | 6.95 |
| STATE | 0.57 |
| TOTAL | 7.52 |
| CASH | 20.00 |
| TOTAL TENDERED | 20.00 |
| CHANGE DUE | 12.48 |

Telephone # _____

CAB COMPANY

PASSENGER'S RECEIPT, TAXICAB FARE

Date 3/15/17, 20__

Amount of Fare..... \$ 36

Other Charges..... \$ 6

Total..... \$ 42.00

Driver's Name _____

Cab Number _____

NEW ORLEANS
MARRIAGE CAB
94-267-7777
DUPLICATE***
CAB 0913
OWNER 10918188
TERMINAL
109544710
CALL 2304
PASSENGERS 1
DATE 3-16-2017
START 08:12:17
END 08:12:19
FARE RATE 2
FARE 0.00mi
FARE R2 \$36.00
EXTRA \$0.00
TOLL \$0.00
TOTAL \$36.00
TAX \$36.00
TAXON RECEIPT**
CITY OF NOLA
NEW ORLEANS CAL
L
7176

Telephone: _____

Cab Co. _____

PASSENGER'S RECEIPT, TAXICAB FARE

Date 3/16/2017, 20__

Amount of Fare \$ 36

Other Charges \$ 6

Total..... \$ 42

Driver's name _____

**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: 6
Position: ☐ Board Member ☒ President/CEO ☐ Gen. Counsel ☐ Chief Auditor
☐ All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 1/4/17 PLANNED DATE OF DEPARTURE/RETURN: 3/14/17 / 3/16/17

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

Destination: Washington, DC and New Orleans, LA

Purpose: Attend the Conference of Minority Transportation Officials (COMTO) Awards to receive the Women Who Move the Nation Award in Washington, DC, and attend the Airport Revenue News 2017 Conference and accept recognition of Large Airports Director of the Year as announced in November 2016

Explanation: _____

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:

• AIRFARE \$ 766.00
• OTHER TRANSPORTATION (Taxi, Train, Car Rental) \$ 150.00

B. LODGING \$ 540.00

C. MEALS \$ 200.00

D. SEMINAR AND CONFERENCE FEES \$ _____

E. ENTERTAINMENT (If applicable) \$ _____

F. OTHER INCIDENTAL EXPENSES \$ 50.00

TOTAL PROJECTED TRAVEL EXPENSE \$ 1706.00

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: 4 Jan 2017

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

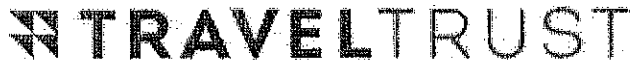
By my signature below, I certify the following:

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

Tony L. Russell, Authority Clerk, hereby certify that this document was approved
on 1/23/17. NEW Out of Town Travel Request (eff. 2-9-10)



Traveltrust Corporation
374 North Coast Hwy 101, Suite F
Encinitas, CA 92024
Phone: (760) 835-1700

ADD TO OUTLOOK

Tuesday, 14MAR 2017 01:12 PM EDT

Passengers: THELLA BOWENS (06)

Agency Reference Number: YZHTNR

Click here to view your current Itinerary or ETicket receipt on-line: tripcase.com

American Airlines Confirmation YZHTNR

Please review your Itinerary and report any discrepancies to Traveltrust within 24hrs of receipt
Be sure to visit www.traveltrust.com for additional travel information

TRAVELTRUST STRONGLY RECOMMENDS CHECKING IN
ONLINE WITH YOUR AIRLINE AT LEAST 24 HOURS PRIOR TO
EACH FLIGHT FOR THE MOST CURRENT TIMES AND ALERTS

ORIGINAL OUTBOUND
TRIP TO WASHINGTON, DC
WAS CANCELLED DUE TO
WEATHER. TICKET
CHANGED TO GO
SAN - NEW ORLEANS - SAN.

| | | | |
|-----|-----------------------|--|--|
| AIR | Wednesday, 15MAR 2017 | | |
|-----|-----------------------|--|--|

American Airlines

Flight Number: 2330

Class: K-Coach/Economy

From: San Diego CA, USA

Depart: 06:30 AM

To: Dallas/Ft Worth TX, USA

Arrive: 11:36 AM

Stops: Nonstop

Duration: 3 hour(s) 6 minute(s)

Seats: 24D

Status: CONFIRMED

Miles: 1175 / 1880 KM

Equipment: 32B/AIR

MEAL: FOOD FOR PURCHASE

DEPARTS SAN TERMINAL 2

Frequent Flyer Number: [REDACTED]

American Airlines Confirmation number is YZHTNR

| | | | |
|-----|-----------------------|--|--|
| AIR | Wednesday, 15MAR 2017 | | |
|-----|-----------------------|--|--|

American Airlines

Flight Number: 2358

Class: K-Coach/Economy

From: Dallas/Ft Worth TX, USA

Depart: 01:50 PM

To: New Orleans LA, USA

Arrive: 03:09 PM

Stops: Nonstop

Duration: 1 hour(s) 19 minute(s)

Seats: 20D

Status: CONFIRMED

Miles: 448 / 717 KM

Equipment: McDonnell Douglas MD-80 Jet

Frequent Flyer Number: [REDACTED]

American Airlines Confirmation number is YZHTNR

| | | | |
|-----|----------------------|--|--|
| AIR | Thursday, 16MAR 2017 | | |
|-----|----------------------|--|--|

American Airlines

Flight Number: 1038

Class: K-Coach/Economy

From: New Orleans LA, USA

Depart: 09:35 AM

To: Dallas/Ft Worth TX, USA

Arrive: 11:19 AM

Stops: Nonstop

Duration: 1 hour(s) 44 minute(s)

Seats: 10D


Status: CONFIRMED

Miles: 448 / 717 KM

Equipment: McDonnell Douglas MD-80 Jet

Frequent Flyer Number: [REDACTED]

American Airlines Confirmation number is YZHTNR

| | | |
|--|---|-------------------------------|
| AIR: Thursday, 16 MAR 2017 |  | |
| American Airlines | Flight Number: 0468 | Class: K-Coach/Economy |
| From: Dallas/Ft Worth TX, USA | Depart: 12:30 PM | |
| To: San Diego CA, USA | Arrive: 01:39 PM | |
| Stops: Nonstop | Duration: 3 hour(s) 9 minute(s) | |
| Seats: 10D | Status: CONFIRMED | Miles: 1175 / 1880 KM |
| Equipment: Airbus A321 Jet | MEAL: FOOD FOR PURCHASE | |
| ARRIVES SAN TERMINAL 2 | | |
| Frequent Flyer Number: [REDACTED] | | |

American Airlines Confirmation number is YZHTNR

| |
|-------------------------------------|
| OTHER: Saturday, 30 SEP 2017 |
| CCRA HOLD |

Ticket/Invoice Information

Ticket for: THELLA BOWENS
Date issued: 3/14/2017 Invoice Nbr: 5416449
Ticket Nbr: AA7955192621 Electronic Tkt: Yes Amount: 1167.60 USD
Exchange for: 0017943069041 Issued: 01FEB17
Total Exchange: 339.90
Charged to: AX*****[REDACTED]

Service fee: THELLA BOWENS
Date issued: 3/14/2017
Document Nbr: XD0702000993 Amount: 25.00
Charged to: AX*****[REDACTED]

Service fee: THELLA BOWENS
Date issued: 3/14/2017
Document Nbr: XD0702000994 Amount: 25.00
Charged to: AX*****[REDACTED]

Total Tickets: 339.90
Total Fees: 50.00
Total Amount: 389.90

Click here 24 hours in advance to obtain boarding passes:
[American](#)

Click here to review Baggage policies and guidelines:
[American](#)

TSA Guidance- a government issued photo id is needed for checkin.
Please allow minimum 3 hour check-in for International flights and 2 hours for Domestic.
For Additional security information visit www.tsa.gov.

Thank you for choosing Traveltrust!
Our Business Hours are 2am-6:30pm Pacific Monday - Friday.
Saturday from 9am-1pm Pacific.
For EMERGENCY AFTERHOURS assistance in the US, please call 888-221-6043 and use VIP Code SJE72.
You can also use the Direct Dial Number 682-233-1914 or the collect number 682-647-0061.
Each call is billable at a minimum \$25.00 per call/reservation



Traveltrust Corporation
374 North Coast Hwy 101, Suite F
Encinitas, CA 92024
Phone: (760) 635-1700

ADD TO OUTLOOK

Wednesday, 1FEB 2017 01:51 PM EST

Passengers: THELLA BOWENS (06)




Agency Reference Number: YZHTNR

Click here to view your current itinerary or ETicket receipt on-line: tripcase.com

American Airlines Confirmation YZHTNR

Please review your itinerary and report any discrepancies to Traveltrust within 24hrs of receipt.
Be sure to visit www.traveltrust.com for additional travel information

TRAVELTRUST STRONGLY RECOMMENDS CHECKING IN
ONLINE WITH YOUR AIRLINE AT LEAST 24 HOURS PRIOR TO
EACH FLIGHT FOR THE MOST CURRENT TIMES AND ALERTS

| | | | |
|---|-----------------------|---|---|
| AIR | Tuesday, 14MAR 2017 | |  |
| American Airlines | | Flight Number: 0593 | Class: V-Coach/Economy |
| From: San Diego CA, USA | | Depart: 06:20 AM | |
| To: Phoenix AZ, USA | | Arrive: 07:45 AM | |
| Stops: Nonstop | | Duration: 1 hour(s) 25 minute(s) | |
| Seats: 05D | | Status: CONFIRMED | Miles: 304 / 486 KM |
| Equipment: Airbus A321 Jet | | | |
| DEPARTS SAN TERMINAL 2 - ARRIVES PHX TERMINAL 4 | | | |
| Frequent Flyer Number: [REDACTED] | | | |
| EXTRA LEG ROOM AISLE SEAT CONFIRMED | | | |
| American Airlines Confirmation number is YZHTNR | | | |
| AIR | Tuesday, 14MAR 2017 | |  |
| American Airlines | | Flight Number: 0595 | Class: V-Coach/Economy |
| From: Phoenix AZ, USA | | Depart: 08:40 AM | |
| To: Washington Reagan Natl DC, USA | | Arrive: 03:56 PM | |
| Stops: Nonstop | | Duration: 4 hour(s) 16 minute(s) | |
| Seats: 05C | | Status: CONFIRMED | Miles: 1964 / 3142 KM |
| Equipment: Airbus A321 Jet | | MEAL: FOOD FOR PURCHASE | |
| DEPARTS PHX TERMINAL 4 - ARRIVES DCA TERMINAL C | | | |
| Frequent Flyer Number: [REDACTED] | | | |
| EXTRA LEG ROOM AISLE SEAT CONFIRMED | | | |
| American Airlines Confirmation number is YZHTNR | | | |
| AIR | Wednesday, 15MAR 2017 | |  |
| American Airlines | | Flight Number: 4569 | Class: N-Coach/Economy |
| Operated By: REPUBLIC AIRLINES AS AMERICAN EAGLE | | Depart: 01:55 PM | |
| From: Washington Reagan Natl DC, USA | | Arrive: 03:57 PM | |
| To: New Orleans LA, USA | | | |

Stops: Nonstop
 Seats: 08C
 Equipment: EMBRAER EMB 175
 DEPARTS DCA TERMINAL C
 Frequent Flyer Number: [REDACTED]
 EXTRA LEG ROOM AISLE SEAT CONFIRMED
 American Airlines Confirmation number is YZHTNR

Duration: 3 hour(s) 2 minute(s)
 Status: CONFIRMED
 MEAL: FOOD FOR PURCHASE
 Miles: 956 / 1530 KM

| AIR | Thursday: 16 MAR 2017 | | |
|--|---|-------------------------------|--|
| American Airlines | Flight Number: 1038 | Class: L-Coach/Economy | |
| From: New Orleans LA, USA | Depart: 09:35 AM | | |
| To: Dallas/Ft Worth TX, USA | Arrive: 11:19 AM | | |
| Stops: Nonstop | Duration: 1 hour(s) 44 minute(s) | | |
| Seats: 10D | Status: CONFIRMED | Miles: 448 / 717 KM | |
| Equipment: McDonnell Douglas MD-80 Jet | | | |
| Frequent Flyer Number: [REDACTED] | | | |
| EXTRA LEG ROOM AISLE SEAT CONFIRMED | | | |
| American Airlines Confirmation number is YZHTNR | | | |

| AIR | Thursday: 16 MAR 2017 | | |
|--|--|-------------------------------|--|
| American Airlines | Flight Number: 0468 | Class: L-Coach/Economy | |
| From: Dallas/Ft Worth TX, USA | Depart: 12:30 PM | | |
| To: San Diego CA, USA | Arrive: 01:39 PM | | |
| Stops: Nonstop | Duration: 3 hour(s) 9 minute(s) | | |
| Seats: 05C | Status: CONFIRMED | Miles: 1175 / 1880 KM | |
| Equipment: Airbus A321 Jet | MEAL: FOOD FOR PURCHASE | | |
| ARRIVES SAN TERMINAL 2 | | | |
| Frequent Flyer Number: [REDACTED] | | | |
| EXTRA LEG ROOM AISLE SEAT CONFIRMED | | | |
| American Airlines Confirmation number is YZHTNR | | | |

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. AMERICAN AIRLINES CONFIRMATION NUMBER - YZHTNR FOR EMERGENCY SERVICE FROM UNITED STATES - 888-221-6043

Ticket/Invoice Information

Ticket for: THELLA BOWENS
 Date issued: 2/1/2017 Invoice Nbr: 5411377
 Ticket Nbr: AA7943069041 Electronic Tkt: Yes Amount: 827.70 USD
 Base: 723.72 US Tax: 54.28 USD XT Tax: 49.70 USD
 Charged to: AX*****[REDACTED]

Service fee: THELLA BOWENS
 Date issued: 2/1/2017
 Document Nbr: XD0700177095 Amount: 30.00
 Charged to: AX*****[REDACTED]

Total Tickets: 827.70
 Total Fees: 30.00
 Total Amount: 857.70

[Click here 24 hours in advance to obtain boarding passes:](#)

2017 ARN AGENDA

**Illustrative Agenda - Not Final - Subject To Change*

Day One, Sunday, March 12, 2017

- 11:30 a.m. - 2:00 p.m. **Registration Desks Open**
- 📍 Outside Elite Hall
Registration Desk And Lanyards/Badge Holders Sponsored by: Delaware North
Attendee Book Sponsored by: NewsLink Group
Registration Bags Sponsored by: Hudson Group
Key Cards And Pocket Agenda Sponsored by: Paradies Lagardère
-
- 1:00 p.m. - 4:30 p.m. **Airport Tour**
- Get a firsthand look at the new terminal currently under construction at Louis Armstrong New Orleans International and hear the latest on the airport's concessions plans.
- Sponsored by: Louis Armstrong New Orleans International Airport

Day Two, Monday, March 13, 2017

- 8:00 a.m. - 3:30 p.m. **Registration Desks Open**
- 📍 Outside Elite Hall
Registration Desk And Lanyards/Badge Holders Sponsored by: Delaware North
Attendee Book Sponsored by: NewsLink Group
Registration Bags Sponsored by: Hudson Group
Key Cards And Pocket Agenda Sponsored by: Paradies Lagardère
-
- 8:00 a.m. - 9:00 a.m. **Breakfast And Networking**
- 📍 Empire Foyer
-
- 9:30 a.m. - 10:30 a.m. **Is Your Brand A Good Fit For Airports?**
- 📍 Session 1A
(Concurrent Session)
📍 Empire C
- The prospect of operating in an airport is exciting. After all, it's a unique and fast-paced retail and restaurant environment, with a largely captive audience that is willing to spend. But not all brands make sense in airports. Hear from long-standing players on what works, what doesn't and why.
- Moderator: Nell Maxfield, senior vice president of concessions, Denver International*
- Speakers: Bill Casey, senior vice president for food and beverage, Paradies Lagardère; Lorraine Brennan O'Neil, co-founder, 3 Face Consulting LLC*
-
- 9:30 a.m. - 10:30 a.m. **Finding Financing**
- 📍 Session 1B
(Concurrent Session)
📍 Empire A/B
- Operating food and beverage or retail concessions in airports is not for the shallow-pocketed. Start-up and operating costs are high and getting higher, and identifying lenders who understand the unique business model of airports can be challenging, to say the least. This session will examine the range of funding options for small businesses and Airport Concessions Disadvantaged Business Enterprises. We'll also hear from successful ACDBE players about their financial strategies for success.
- Moderator: Diane Gillam, properties and DBE manager, Birmingham Airport Authority*
- Speakers: Bill Swift, president, BTS; Kyle Detwiler, partner and co-founder, Silver Swan Capital*
-
- 10:30 a.m. - 11:00 a.m. **Refreshment and Networking Break**
- 📍 Empire Foyer
-
- 11:00 a.m. - 12:00 p.m. **Winning Your Way Into An Airport**

📍 Session 2A
(Concurrent Session)
📍 Empire C

Do you find the prospect of bidding on airport opportunities daunting? This session will delve into the nuts and bolts of how airport Requests for Proposals work, best practices for responding, partnership opportunities and other information that can help pave the way to an airport contract.

Moderator: James Schone, director of aviation business development, Seattle-Tacoma International

Speakers: Anwar Daniels, president and COO, CMS Hospitality; Nicholas Buford, managing partner and COO, Crews

11:00 a.m. - 12:00 p.m.

Joint Venturing, Subcontracting Or Going It Alone - Finding Your Best Options For Accessing Airports

📍 Session 2B
(Concurrent Session)
📍 Empire A/B

Consolidation in the concessions industry and RFPs calling for single operators create new challenges for small and disadvantaged businesses attempting to enter airports. But those same factors also create new opportunities and partnership possibilities. This session will summarize the new concessions landscape and discuss the different strategies your company might consider as they attempt to win space.

Speakers: Ingrid Hairston, director of business development, Raleigh-Durham International; Kimberly Griffin, CEO, DBE Consulting LLC

12:00 p.m. - 2:00 p.m.

Property Managers' Luncheon (Airports Only)

📍 Empire D

This closed-door meeting allows airport colleagues the opportunity to candidly discuss issues that face the concessions industry. No concessionaires or press admitted.

Sponsored by: Pacific Gateway Concessions

2:00 p.m. - 3:00 p.m.

Airport Opportunities

📍 Session 3
📍 Empire A/B

Opportunities abound as airports continually upgrade and expand to accommodate a growing number of domestic and international travelers. With planning underway years before contracts are awarded, it is crucial for concessionaires to stay in the loop on new developments. In this session, airport representatives will discuss their upcoming opportunities in concessions and other revenue-generating areas.

Participants: San Francisco International; Denver International; Oakland International; Indianapolis International; General Mitchell International; Minneapolis-St. Paul International

3:00 p.m. - 3:30 p.m.

Refreshment And Networking Break

📍 Empire Foyer

3:30 p.m. - 5:00 p.m.

Business Pitch Showcase

📍 Session 4
📍 Empire A/B

Witness a handpicked group of participants present their concept before a panel of industry professionals for an assessment of their company's viability in the airport environment.

Moderator: Ramon Lo, publisher, Airport Revenue News

Panelists: Suzanne Merrell, senior manager of food and beverage programs, Toronto Pearson International; Elizabeth Grzechowiak, assistant director of concessions and business development, Minneapolis-St. Paul International; Roderick Tafuya, president, Mission Yogurt Inc.; Bill Casey, senior vice president for food and beverage, Paradis Lagardère; Vito Buscemi, vice president of brands and concepts, Delaware North

Sponsored by: Mission Yogurt

6:00 p.m. - 8:00 p.m.

Registration Desks Open

Registration Desk And Lanyards/Badge Holders Sponsored by: Delaware North
Attendee Book Sponsored by: NewsLink Group
Registration Bags And Digital Signage Sponsored by: Hudson Group
Key Cards And Pocket Agenda Sponsored by: Paradis Lagardère

6:30 p.m. - 9:30 p.m.

Opening Night Reception In Exhibit Hall

📍 Elite Hall

Networking In Foyer

6:30 p.m.

Exhibit Hall Opening Ceremony

7:00 p.m.

Sponsored by: HMSHost Corp.
Exhibit Hall Sponsored by: Westfield

Day Three, Tuesday, March 14, 2017

| | |
|-------------------------|---|
| 7:30 a.m. - 3:30 p.m. | Registration Desks Open |
| Outside Elite Hall | Registration Desk And Lanyards/Badge Holders Sponsored by: Delaware North Attendee Book Sponsored by: NewsLink Group Registration Bags Sponsored by: Hudson Group Key Cards And Pocket Agenda Sponsored by: Paradies Lagardère |
| 7:30 a.m. - 8:30 a.m. | Breakfast And Networking In The Exhibit Hall |
| Elite Hall | Exhibit Hall Sponsored by: Westfield |
| 8:45 a.m. - 9:00 a.m. | Opening Remarks |
| Empire A/B | |
| 9:00 a.m. - 10:00 a.m. | Keynote Address |
| Session 5 TBD | |
| 10:00 a.m. - 11:00 a.m. | Refreshment And Networking Break In The Exhibit Hall |
| Elite Hall | Sponsored by: Sugar Foods Corporation Exhibit Hall Sponsored by: Westfield |
| 11:00 a.m. - 12:00 p.m. | Hot Food And Beverage Trends |
| Session 6 Empire A/B | The food penchants of North American travelers are constantly changing, and one can never be sure if that which is popular today will continue to resonate in five or 10 years time. Add to that the unique culinary demands of travelers from abroad, and you have a mix of desires that can be difficult to manage. Experts in this session will identify the latest food trends - what's hot, what's coming into fashion and what's on it's way out, helping both concessionaires and airports find the best recipe for success. <i>Moderator: Carmen Donnelly, director of concessions development, Edmonton International</i> <i>Speakers: Suzy Badaracco, president, Culinary Tides; Elizabeth Moskow, culinary director, Sterling-Rice Group</i> |
| 12:00 p.m. - 1:30 p.m. | Lunch In The Exhibit Hall |
| Elite Hall | Exhibit Hall Sponsored by: Westfield |
| 1:30 p.m. - 2:30 p.m. | Making Retail Relevant In A Fast-Changing Environment |
| Session 7 Empire A/B | Traditional brick-and-mortar retail has undergone a sea change over the past 10 years due to a shift in shopping preferences and the expansion of online purchasing. Airport retailers, especially operators of in-line stores, are feeling some of the same pressures. Find out how traditional retailers can up their game to ensure competitiveness, and how they can evolve their businesses to take advantage of changing shopping paradigms. <i>Moderator: Paula Kucharz, business development manager, Phoenix Sky Harbor International</i> <i>Speakers: Lewis Allen, director, Portland Design; Neil Saunders, managing director of retail, Global Data; Darin Heid, co-founder, Bloomimiami</i> |
| 2:30 p.m. - 3:30 p.m. | Refreshment And Networking Break In The Exhibit Hall |
| Elite Hall | Exhibit Hall Sponsored by: Westfield |
| 3:30 p.m. - 4:30 p.m. | The Evolving Landscape Of Concessions Programs |
| Session 8 Empire A/B | LaGuardia, Denver International, Midway and Los Angeles International are all among the airports that have entered public-private partnerships to bring new expertise and financial resources to their airports. Those projects and the consolidation among concessions players create both opportunities and barriers for those looking to add to their portfolios. This session will examine the pros and cons of this new approach to airport RFPs and look at how it will impact the concessions industry in years ahead. <i>Moderator: Paul Brown, principal, Paul Brown Consulting Inc.</i> |

Speakers: Patrick Murray, executive vice president, SSP America; Ismael "Izzy" Bonilla, director, General Mitchell International

4:30 p.m. - 6:00 p.m. Exhibit Hall Happy Hour
 ♣ Elite Hall
 Sponsored by: Areas USA
 Exhibit Hall Sponsored by: Westfield

7:00 p.m. Speakers' Dinner (Invitation Only)
 ♣ TBD
 Unlike any other event on the agenda, the exclusive invitation-only ARN Speakers' Dinner serves as one of the premier gatherings of airport industry leaders in an intimate, enjoyable environment.
 Sponsored by: SSP America

Day Four, Wednesday, March 15, 2017

7:30 a.m. - 12 p.m. Registration Desks Open
 ♣ Outside Elite Hall
 Registration Desk And Lanyards/Badge Holders Sponsored by: Delaware North
 Attendee Book Sponsored by: NewsLink Group
 Registration Bags Sponsored by: Hudson Group
 Key Cards And Pocket Agenda Sponsored by: Paradis Lagardère

8:00 a.m. - 9:00 a.m. Breakfast And Networking In The Exhibit Hall
 ♣ Elite Hall
 Exhibit Hall Sponsored by: Westfield

9:00 a.m. - 10:15 a.m. ARN's Airport Directors Panel
 ♣ Session 9
 ♣ Empire A/B
 From the reauthorization battle on Capitol Hill to the fight to attract and retain air service, airport directors have myriad concerns keeping them busy every day. Several of the industry's most respected leaders will again join ARN to discuss the challenges they face and strategies for addressing those issues.
 Moderator: Kevin Burke, president and CEO, Airports Council International-North America
 Speakers: Emilio Gonzalez, director and CEO, Miami International; Carl Newman, CEO, Jackson Municipal Airport Authority; Christina Cassotis, CEO, Allegheny County Airport Authority

10:15 a.m. - 11:15 a.m. Refreshment And Networking Break In The Exhibit Hall
 ♣ Elite Hall
 Sponsored by: Sugar Foods Corporation
 Exhibit Hall Sponsored by: Westfield

11:15 a.m. - 12:00 p.m. Up For Debate
 ♣ Session 10
 ♣ Empire A/B
 Pros and cons. For or against. Modeled after ESPN's *Pardon the Interruption*, this new session tackles some of the industry's stickiest issues. The rapid-fire debate style pits two industry professionals against each other, giving them just a few minutes to make their cases. Listen to participants share their viewpoints on divisive industry topics in what is sure to produce a lively debate.

12:00 p.m. - 1:00 p.m. Refreshment And Networking Break In The Exhibit Hall
 ♣ Elite Hall
 Exhibit Hall Sponsored by: Westfield

1:00 p.m. - 2:00 p.m. Lunch In The Exhibit Hall
 ♣ Elite Hall
 Exhibit Hall Sponsored by: Westfield

2:00 p.m. Exhibit Hall Closing

2:30 p.m. - 3:15 p.m. Schmoose Time For Airports And Concessionaires Session 1
 ♣ Session 11A
 ♣ Empire C/D
 Airports and concessionaires meet at scheduled times for special one-on-one discussions.

3:15 p.m. - 3:30 p.m. Refreshment And Networking Break

📍 Empire Foyer

3:30 p.m. - 4:30 p.m. Schmooze Time For Airports And Concessionaires Session 2

📍 Session 11B

📍 Empire C/D

Airports and concessionaires meet at scheduled times for special one-on-one discussions.

6:00 p.m. - 9:30 p.m. ARN Awards Gala

📍 Empire A/B

The closing event to the ARN 2017 Revenue Conference & Exhibition is a formal dinner and awards presentation celebrating excellence in the airport concession industry.

Cocktail Reception:

6:00 p.m. - 7:00 p.m.

Plated Dinner Service:

7:30 p.m.

Awards Show Programming:

8:00 p.m.

AMY GONZALEZ

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

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

TRAVELER: Amy Gonzalez DEPT. NAME & NO. General Counsel
DEPARTURE DATE: 2/9/2017 RETURN DATE: 2/11/2017 REPORT DUE: 3/13/17
DESTINATION: New Orleans, LA

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 | | | | | | | |
|---|--------------|--|-------------------|--------|---------|-----------|--------------------|-------------------|---------------------|--------|
| | | | SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY 2/9/17 | FRIDAY 2/10/17 | SATURDAY 2/11/17 | TOTALS |
| Air Fare, Railroad, Bus (attach copy of itinerary w/charges) | | 528.60 | | | | | | | | 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.)* | | | | | | | | | | 0.00 |
| Hotel* | | | | | | 254.49 | 254.49 | | | 508.98 |
| Telephone, Internet and Fax* | | | | | | | | | | 0.00 |
| Laundry* | | | | | | | | | | 0.00 |
| Tips - separately paid (maids, bellhop, other hotel svcs.) | | | | | | | | | | 0.00 |
| Meals (include tips pd.) | Breakfast* | | | | | | | | | 0.00 |
| | Lunch* | | | | | | | | | 0.00 |
| | Dinner* | | | | | | | | | 0.00 |
| | Other Meals* | | | | | | | | | 0.00 |
| <i>Alcohol is a non-reimbursable expense</i> | | | | | | | | | | |
| Hospitality 1* | | | | | | | | | | 0.00 |
| Miscellaneous | | | | | | | | | | 0.00 |
| Baggage fee | | | | | | | | 25.00 | | 25.00 |
| *Provide detailed receipts | | | | | | | | | | 0.00 |
| Total Expenses prepaid by Authority | | 528.60 | 0.00 | 0.00 | 0.00 | 0.00 | 254.49 | 254.49 | 25.00 | 533.98 |

| | | |
|---|--|-----------------|
| Explanation: No other receipts were provided for this travel report. | Total Expenses Prepaid by Authority | 528.60 |
| | Total Expenses Pd. by Employee (including cash advances) | 533.98 |
| | Grand Trip Total | 1,062.58 |
| | Less Cash Advance (attach copy of Authority ck) | |
| | Less Expenses Prepaid by Authority | 528.60 |
| | Due Traveler (positive amount)² | |
| | Due Authority (negative amount)³ | 533.98 |
| <i>Note: Send this report to Accounting even if the amount is \$0.</i> | | |

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

Prepared By: Kendy Rios Ext.: x2424
 Traveler Signature: *Amy L* Date: 3/15/17
 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 _____

(Please leave blank. Whoever clerk's the meeting will insert their name and title.)
 _____ meeting.
 (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: Amy Gonzalez Dept: 16
Position: ☐ Board Member ☐ President/CEO ☒ Gen. Counsel ☐ Chief Auditor

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

2. DATE OF REQUEST: 12/20/16 **PLANNED DATE OF DEPARTURE/RETURN:** 2/9/17 / 2/11/17

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

Destination: New Orleans, LA Purpose: ACI-NA Winter Steering Group
Explanation: Winter Steering Group Meeting

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:

• AIRFARE \$ 600.00
• OTHER TRANSPORTATION (Taxi, Train, Car Rental) \$ 0.00

B. LODGING

\$ 250.00

C. MEALS

\$ 100.00

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: Amy L Date: 1/11/2017

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

Ariel Levy-Mayer, Assistant Authority Clerk 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 January 23, 2017 meeting.
(Leave blank and we will insert the meeting date.)



Traveltrust Corporation
374 North Coast Hwy 101, Suite F
Encinitas, CA 92024
Phone: (760) 635-1700

ADD TO OUTLOOK

Friday, 20JAN 2017 03:50 PM EST

Passengers: AMY GONZALEZ (15)

Agency Reference Number: CMDOWS

Click here to view your current Itinerary or ETicket receipt on-line: tripcase.com

American Airlines Confirmation CMDOWS

Please review your itinerary and report any discrepancies to Traveltrust within 24hrs of receipt
Be sure to visit www.traveltrust.com for additional travel information

TRAVELTRUST STRONGLY RECOMMENDS CHECKING IN
ONLINE WITH YOUR AIRLINE AT LEAST 24 HOURS PRIOR TO
EACH FLIGHT FOR THE MOST CURRENT TIMES AND ALERTS

1R763V6

AIR Thursday, 9FEB 2017

American Airlines

From: San Diego CA, USA

To: Dallas/Ft Worth TX, USA

Stops: Nonstop

Seats: 29A

Equipment: Airbus A321 Jet

DEPARTS SAN TERMINAL 2

American Airlines Confirmation number is CMDOWS

Flight Number: 0423

Depart: 07:00 AM

Arrive: 12:06 PM

Duration: 3 hour(s) 6 minute(s)

Status: CONFIRMED

MEAL: FOOD FOR PURCHASE

Class: L-Coach/Economy

Miles: 1175 / 1880 KM

AIR Thursday, 9FEB 2017

American Airlines

From: Dallas/Ft Worth TX, USA

To: New Orleans LA, USA

Stops: Nonstop

Equipment: McDonnell Douglas MD-80 Jet

YOUR SEAT WILL BE ASSIGNED AT CHECKIN

WE WILL CONTINUE TO MONITOR FOR A SEAT

American Airlines Confirmation number is CMDOWS

Flight Number: 2358

Depart: 01:50 PM

Arrive: 03:09 PM

Duration: 1 hour(s) 19 minute(s)

Status: CONFIRMED

Class: L-Coach/Economy

Miles: 448 / 717 KM

AIR Saturday, 11FEB 2017

American Airlines

From: New Orleans LA, USA

To: Dallas/Ft Worth TX, USA

Stops: Nonstop

Seats: 27E

Equipment: McDonnell Douglas MD-80 Jet

MIDDLE SEAT AISLE/WINDOW NOT AVAILABLE

Flight Number: 2370

Depart: 11:05 AM

Arrive: 12:48 PM

Duration: 1 hour(s) 43 minute(s)

Status: CONFIRMED

Class: S-Coach/Economy

Miles: 448 / 717 KM

WE WILL CONTINUE TO MONITOR FOR A SEAT
American Airlines Confirmation number is CMDOWS

AIR Saturday, 11FEB 2017

American Airlines

From: Dallas/Ft Worth TX, USA

To: San Diego CA, USA

Stops: Nonstop

Seats: 33C

Equipment: Airbus A321 Jet

ARRIVES SAN TERMINAL 2

American Airlines Confirmation number is CMDOWS

Flight Number: 0421

Depart: 03:25 PM

Arrive: 04:32 PM

Duration: 3 hour(s) 7 minute(s)

Status: CONFIRMED

MEAL: FOOD FOR PURCHASE



Class: S-Coach/Economy

Miles: 1175 / 1880 KM

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.
AMERICAN AIRLINES CONFIRMATION NUMBER - CMDOWS
FOR EMERGENCY SERVICE FROM UNITED STATES - 888-221-6043

Ticket/Invoice Information

Ticket for: AMY GONZALEZ

Date issued: 1/20/2017 Invoice Nbr: 5409909

Ticket Nbr: AA7939688554 Electronic Tkt: Yes Amount: 498.60 USD

Base: 421.40 US Tax: 31.60 USD XT Tax: 45.60 USD

Charged to: AX*****

Service fee: AMY GONZALEZ

Date issued: 1/20/2017

Document Nbr: XD0699681649

Amount: 30.00

Charged to: AX*****

Total Tickets: 498.60

Total Fees: 30.00

Total Amount: 528.60

Click here 24 hours in advance to obtain boarding passes:

[American](#)

Click here to review Baggage policies and guidelines:

[American](#)

TSA Guidance- a government issued photo id is needed for checkin.
Please allow minimum 3 hour check-in for International flights and 2 hours for Domestic.
For Additional security information visit www.tsa.gov.

Thank you for choosing Traveltrust!

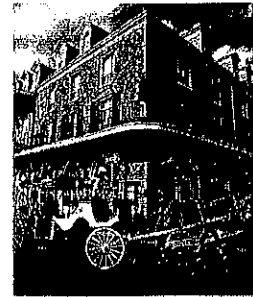
Our Business Hours are 2am-5:30pm Pacific Monday - Friday.

Saturday from 9am-1pm Pacific.

For EMERGENCY AFTERHOURS assistance in the US, please call 888-221-6043 and use VIP Code SJE72.

You can also use the Direct Dial Number 882-233-1914 or the collect number 682-647-0061.

Each call is billable at a minimum \$25.00 per call/reservation



AMY GONZALEZ

12-20-16

Thank you for choosing The Maison Dupuy Hotel located in the heart of the Historic French Quarter, New Orleans. Your confirmation number is 452493.

Reservation Information

| | |
|-------------------|-----------------------------|
| Arrival Date: | Thursday, February 09, 2017 |
| Departure Date: | Saturday, February 11, 2017 |
| Number of Nights: | 2 |
| Number of Guests: | 1 |
| Accommodations: | King Deluxe Room |
| Room Rate: | \$219.00 |
| Total: | \$508.98 |
| Deposit Received: | \$ |

Hotel Information

| | | | |
|----------------|--|-----------------|----------|
| Check-In Time: | 4:00 PM | Check-out Time: | 11:00 AM |
| Room Tax: | All rooms are subject to 13% Room Tax, 1.75% Tourism Support Assessment and a \$1.00 per day Occupancy Tax | | |

Hotel Policy

| | |
|----------------------|--|
| Smoking Policy: | All public spaces, guest rooms and balconies are 100% non-smoking. An environmental cleaning fee of \$250 will be charged to any guest who violates the smoking policy. |
| Cancellation Policy: | If for any reason you may need to cancel your reservation, please contact us 72 hours prior to your arrival date, to avoid 1 night Room and Tax charge on the given credit card. |
| Parking Policy: | Valet parking is available for our guests and is \$38 per day. Rates subject to change. |

Complimentary wireless internet is available throughout the hotel and all of our sleeping rooms.

Our Bistreaux Restaurant is available for breakfast, lunch and dinner seven days a week. Live entertainment is available Thursday ? Saturday nights.

The Courtyard at the Maison Dupuy Hotel is the perfect setting for any event, small or large. For more information, please visit: www.maisondupuy.com or www.neworleanscourtyardweddings.com.

We look forward to hosting you at the Maison Dupuy Hotel!

1001 Rue Toulouse, New Orleans, LA 70112
Local: (504) 586-8000 Toll Free: (800) 535-9177 Fax: (504) 525-5334
www.maisondupuy.com



AMY GONZALEZ
United States

Company Name:
Group Name: ACI-NA Legal Steering Group

INVOICE

| Date | Description | Charges | Credits |
|---------------|----------------------------|---------|---------|
| 02-09-17 | Room Charge | 219.00 | |
| 02-09-17 | Room Tax | 30.66 | |
| 02-09-17 | Tourism Support Assessment | 3.83 | |
| 02-09-17 | Room Occupancy Tax | 1.00 | |
| 02-10-17 | Room Charge | 219.00 | |
| 02-10-17 | Room Tax | 30.66 | |
| 02-10-17 | Tourism Support Assessment | 3.83 | |
| 02-10-17 | Room Occupancy Tax | 1.00 | |
| 02-11-17 | Visa | | 508.98 |
| | XXXXXXXXXXXX | | |
| | XX/XX | | |
| Total Charges | | 508.98 | |
| Total Credits | | | 508.98 |

Balance 0.00

Page No. 1 of 1

Guest Signature: _____

1001 Rue Toulouse, New Orleans, LA 70112
Local: (504) 586-8000 Toll Free: (800) 535-9177 Fax: (504) 525-5334
www.maisondupuy.com

DRAFT Agenda for Legal Committee Steering Group

Friday, February 10, 2017

Maison Dupuy Hotel

<http://www.maisondupuy.com/>

1001 Toulouse St.

New Orleans, LA 70112

Dial-in Number: 415-655-0002

Conference Code: 460 346 62

Thursday, February 9

6:00-8:00 PM Steering Group Dinner – Le Meritage (in the Maison Dupuy Hotel)

Friday, February 10

Maison Dupuy Hotel

Toulouse A

9:00-9:30AM I. Breakfast

9:30-9:45 II. Welcome, Introductory Remarks by New Leadership, and Introduce New Members:

Chair: Pierre Gagnon

Vice Chair: Ann Morgan

Immediate Past Chair: Ray Ilgunas

9:45-10:30 III. Consideration of Potential Vacancies on Steering Group and Potential New Members.

Link to Steering Group Standards:

http://aci-na.org/sites/default/files/2015_legal_committee_steering_group_participation_plan.pdf

1. Any upcoming retirements from the Steering Group?

10:30 – 10:45 IV. Brief Review of Committee Work Plan and Committee Board Report (submitted to the ACI-NA Board for its February 8 meeting)

A. 2017 Work Plan.

B. 2017 Winter Board Report.

10:45-11:15 V. Upcoming Conference Locations

**1:00-4:30 PM VIII. Toulouse A –
Set Program for Spring Meeting**

A. Working Schedule

Wednesday May 3 1:00 PM – 5:00 PM
Thursday May 4 8:30 AM- Noon
Friday May 5 9:00 AM – 5:00 PM
Saturday May 6 8:30 AM – 12:30 PM

- 1. FAA Update -**
- 2. Legislative Update –**
- 3. TSA Update –**
- 4. Litigation Update –** Santa Monica case.
- 5. Ethics – Topic?** (Pierotti, Mackey, Karaskiewicz)
- 6. Title VI Issues: Contract compliance –**Update on Airport legal concerns.
- 7. New FMLA rules/overtime, and co-employment issues.** Elaine [May become moot if rescinded by Trump Administration?]
- 8. Contracting methods and competitive procurements:** Nuts and bolts of Contract law as related to airport contracts. Sheryl. (Also Jeff?)
- 9. Potential implications for other airports of *Afoa v. Port of Seattle*,** a Washington State Supreme Court holding it is an issue of fact whether the Port was liable to an employee of a vendor licensed to operate at the airport (on behalf of the airlines) who crashed his tug, as a result of the degree of control that the Port had over the area where the accident occurred and the equipment used. The author of a Journal of Airport Law and Commerce suggests that a Part 139 certificate holder's requirement to control activities on the AOA may result in this holding spreading elsewhere, and that federal legislation may be required to stem it.
- 10. Legal Issues in the midst of a violent incident and in the aftermath (how to get operational again).** FLL, LAX. As an example of the aftermath, how are passengers dumped from the terminal (including those out on the airside pavement) and their luggage re-screened (at FLL, there was a large amount of discarded luggage and other lost items).
- 11.** How to handle protests such as the widespread protests that arose swiftly after issuance of an Executive Order banning travelers from certain countries.
- 12.** A presentation on Ordinances/rules/regulations/standards. This may include a discussion of whether it is advisable to adopt a specific ordinance directed at passengers' conduct at security checkpoints, instead of relying on broad disorderly conduct statutes and ordinances to arrest for conduct which is disruptive at the checkpoint.
- 13. Airport Law Roundtable**
- 14. Other Topics**

PASSENGER AND BAGGAGE CHECK IN

ISSUED BY

American Airlines

PASSENGER RECEIPT 1

DATE OF ISSUE

11 FEB 17

ISSUING OFFICE CODE

18101108

ISS. AGENT ID.

MSY CS3

PLACE OF ISSUE

/AA.COM

NAME OF PASSENGER (NOT TRANSFERABLE)

GONZALEZ/AMY

FROM

NOT VALID FOR

TO

**TRANSPORTATION*

CARR

FLIGHT

CLASS

DATE

TIME

TARE BASE

TOUR CODE

ENDORSEMENTS/RESTRICTIONS

MSYDFW-AA DFWSAN-AA

01 UPT050LB 23KG AND\$2LI

25.00

USD 25.00

NA

NA

NA

USD 25.00

FP BAXXXXXXXXXXXXX

0 001 0273103510 5

DO NOT MARK OR WRITE IN THE WHITE AREA ABOVE

2 **American Airlines**

REFUNDABLE ONLY WITH

US RELATED FLIGHT CPN

RETAIN THIS RECEIPT

6 THROUGHOUT YOUR

JOURNEY

FOR CONDITIONS OF

CONTRACT - SEE

PASSENGER TICKET AND

BAGGAGE CHECK

NOT VALID FOR TRAVEL

CHB BP-ATP / CRN 111917 614

BUSINESS EXPENSE

APRIL BOLING

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

2017

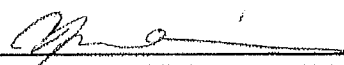
SDCRAA
 FEB 27 2017

Corporate & Information Governance

MONTHLY MILEAGE and PARKING FEE REIMBURSEMENT REPORT

| EMPLOYEE NAME C. April Boling | | | PERIOD COVERED Feb. 2017 | |
|----------------------------------|--------------|--|--|--------|
| DEPARTMENT/DIVISION | | | | |
| Date | Miles driven | Destination and purpose of trip | Parking fees & other transportation costs paid | \$\$\$ |
| 2/5/17 | 29.40 | Airport/ALUC Board Mtg. | | |
| 2/6/17 | 29.40 | Airport/Port/Airport Mtg. | | |
| 2/9/17 | 29.40 | Airport/Hotel-Motel Assoc. Board Mtg. | | |
| 2/21/17 | 29.40 | Airport/Exec. Finance Mtg. | | |
| 2/21/17 | 29.40 | Airport/Tour w/Congresswoman Susan Davis | | |
| 2/22/17 | 32.00 | One America Plaza/CEO Search Interviews | | 30.00 |
| 2/23/17 | 32.00 | One America Plaza/CEO Search Interviews | | 8.00 |
| 2/26/17 | 29.40 | Airport/Dallas, TX Trip - P3C Conference | | |
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| | | | | |
| SUBTOTAL | 240.40 | | SUBTOTAL | 88.00 |

Computation of Reimbursement

| | |
|--|---------------------------------|
| | 240.40 |
| REIMBURSEMENT RATE: (see below) * | Rate as of January 2017 X 0.537 |
| TOTAL MILEAGE REIMBURSEMENT | 129.09 |
| PARKING FEES/TOLL CHARGES (ATTACH RECEIPTS) | 38.00 |
| TOTAL REIMBURSEMENT REQUESTED | \$ 167.09 |
| I acknowledge that I have read, understand and agree to Authority Policy 3.30 - Business Expense Reimbursement Policy and that any purchases/claims that are not allowed will be my responsibility. I further certify that this report of business expenses were incurred in connection with official Authority business and is true and correct. <u>Business Expense Reimbursement Policy 3.30</u> | |
|  SIGNATURE OF EMPLOYEE | DEPT./DIV. HEAD APPROVAL |

Please use the 2014 tab for
 mileage prior to January 1, 2015

ABM Parking Services

9 San Diego

Lane 7 02/22/17 16:54
Receipt 058438

Short-term parking tkt
OAP - No. 002579
02/22/17 07:53
02/22/17 16:54
Period 0d9h2¹
(Tax) \$30.00

Sub Total \$30.00
Tax \$0.00
Total \$30.00

Payment Received
VISA \$30.00
XXXXXXXXXXXX
Merch:4789307557514
Auth:09211D
Type: Swiped

ONE AMERICA PLAZA

● IRVINE COMPANY OFFICE
PROPERTIES

ABM PARKING SERVICES

One America Plaza
600 West Broadway

Lane 4 02/23/17 17:41
Receipt 059724

Short-term parking tkt
OAP - No. 002560
02/23/17 08:16
02/23/17 17:41
Period 0d9h26¹
(Tax) \$8.00

Sub Total \$8.00
Tax \$0.00
Total \$8.00

Payment Received
VISA \$8.00
XXXXXXXXXXXX
Merch:4789307557514
Auth:02284D
Type: Swiped

ONE AMERICA PLAZA
All Amounts in USD.

● IRVINE COMPANY OFFICE
PROPERTIES

THELLA F. BOWENS

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BUSINESS EXPENSE REIMBURSEMENT REPORT

Feb-Mar 2017

Period Covered

| DATE | G/L Account | Description | AMOUNT |
|-----------|-------------|--|----------|
| 2/2/2017 | 66290 | Parking for SD Chamber Awards Dinner | \$ 15.00 |
| 3/2/2017 | 66290 | Parking for Downtown San Diego Partnership Dinner | \$ 15.00 |
| 3/22/2017 | 66290 | Parking for lunch at Seaport Village (for staff candidate) | \$ 16.00 |
| TOTAL | | | \$46.00 |

I acknowledge that I have read, understand and agree to Authority *Policy 3.30 - Business Expense Reimbursement Policy and that any purchases that are not allowed will be my responsibility. I further certify that this report of business expenses were incurred in connection with official Authority business and is true and correct.

* Policy 3.30


 NAME Thella Bowens

NAME

DATE 3/22/2017

APPROVED:

NAME

DATE

RECEIPTS FOR BUSINESS EXPENSE REIMBURSEMENT

Feb-Mar 2017

THELLA F. BOWENS

Chamber award
CENTER LOT 1150
Chamber

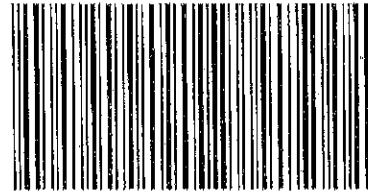
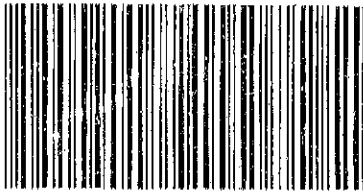
Station : Cashier4
Cashier : victor
Trans# : 25057
Ticket : 137044772
Time in : 2/2/2017 5:17:29 PM
Paid to : 2/2/2017 11:59:59 PM
Duration : 06:42:29
Plate :

\$15 Flat : \$ 15.00
Total : \$ 15.00
Cash : \$ 15.00

CENTER LOT 1150
DOWNTOWN SD PARTNERSHIP DINNER

Station : Cashier4
Cashier : al
Trans# : 43393
Ticket : 139467900
Time in : 3/2/2017 6:22:49 PM
Paid to : 3/2/2017 11:59:59 PM
Duration : 05:37:09
Plate :

\$15 Flat : \$ 15.00
Total : \$ 15.00
Cash : \$ 15.00



Seaport Village

SD, 9

Exit 3 03/22/17 13:18
Receipt 063350

Short-term Parking Tkt

00 - No. 076402

03/22/17 12:10

03/22/17 13:18

Period 0d1h9'

(Ust.) \$16.00

Sub Total \$16.00

Ust. \$0.00

Total \$16.00

Payment Received

AMEX \$16.00

XXXXXXXXXX

Merch:427175364996

Auth:571079

Type: Swiped

All Amounts in USD.
Deliv. Date=Receipt Date

60092440 - 1/1

ROBERT GLEASON

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

2017

SDCRAA

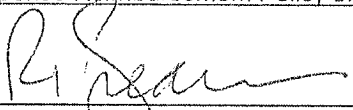
MAR 08 2017

Corporate & Environmental Governance

MONTHLY MILEAGE and PARKING FEE REIMBURSEMENT REPORT

| EMPLOYEE NAME ROBERT GLEASON | | | PERIOD COVERED FEBRUARY 1 - FEBRUARY 28, 2017 | |
|-------------------------------------|--------------|------------------------------------|--|--------|
| DEPARTMENT/DIVISION BOARD MEMBER | | | | |
| Date | Miles driven | Destination and purpose of trip | Parking fees & other transportation costs paid | \$\$\$ |
| 2/22/17 | | One America Plaza / CEO Interviews | Parking | 30.00 |
| 2/23/17 | | One America Plaza / CEO Interviews | Parking | 8.00 |
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| SUBTOTAL | - | | | 38.00 |

Computation of Reimbursement

| | | | |
|---|-------------------------|--------------------------|----------|
| REIMBURSEMENT RATE: (see below) * | Rate as of January 2017 | X | - |
| TOTAL MILEAGE REIMBURSEMENT | | | - |
| PARKING FEES/TOLL CHARGES (ATTACH RECEIPTS) | | | 38.00 |
| TOTAL REIMBURSEMENT REQUESTED | | | \$ 38.00 |
| <p>I acknowledge that I have read, understand and agree to *Authority Policy 3.30 - Business Expense Reimbursement Policy and that any purchases/claims that are not allowed will be my responsibility. I further certify that this report of business expenses were incurred in connection with official Authority business and is true and correct.</p> <p><u>Business Expense Reimbursement Policy 3.30</u></p> <p></p> | | | |
| SIGNATURE OF EMPLOYEE | | DEPT./DIV. HEAD APPROVAL | |

ABM Pa. ing Services

parking
9 San Diego

Lane 7 02/22/17 16:57
Receipt 058452

Short-term parking tkt
OAP - No. 002262
02/22/17 07:46
02/22/17 16:57
Period 0d9h12'
(Tax) \$30.00

Sub Total \$30.00
Tax \$0.00
Total \$30.00

Payment Received
VISA \$30.00
XXXXXXXXXXXX
Merch:4789307557514
Auth:812295
Type: Swiped

ONE AMERICA PLAZA

IRVINE COMPANY OFFICE
PROPERTIES

00032959 - 1/1

ABM PA. ING SERVICES
One America Plaza
600 West Broadway

parking

Lane 4 02/23/17 16:32
Receipt 059478

Short-term parking tkt
OAP - No. 002270
02/23/17 08:00
02/23/17 16:32
Period 0d8h33'
(Tax) \$8.00

Sub Total \$8.00
Tax \$0.00
Total \$8.00

Payment Received
VISA \$8.00
XXXXXXXXXXXX
Merch:4789307557514
Auth:813253
Type: Swiped

ONE AMERICA PLAZA

IRVINE COMPANY OFFICE
PROPERTIES

00254421 - 1/1

AMY GONZALEZ

March 07, 2017

Tuesday

| March 2017 | | | | | | |
|------------|----|----|----|----|----|----|
| Su | Mo | Tu | We | Th | Fr | Sa |
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 | |

| April 2017 | | | | | | |
|------------|----|----|----|----|----|----|
| Su | Mo | Tu | We | Th | Fr | Sa |
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | | | | | | |

| 7 Tuesday | | Notes |
|--|--|-------|
| From Mar 6 Laura out of office To Mar 10 | | |
| 7 am | | |
| 8:00 | | |
| 9:00 | | |
| 10:00 | S [REDACTED] [REDACTED] Reference Room, CPZ-Windu Whig | |
| 11:00 | [REDACTED] | |
| 12 pm | [REDACTED] [REDACTED] [REDACTED] [REDACTED] | |
| 1:00 | CEO Contract Negotiation Planning Hecht Solberg Robinson Goldberg (600 W Broadway Ste 800, San Diego, CA, United States) Gering Kurt | |
| 2:00 | [REDACTED] | |
| 3:00 | [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] | |
| 4:00 | | |
| 5:00 | | |
| 6:00 | | |
| | | |
| | | |

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

PETTY CASH VOUCHER

No. _____

Date 4/23/2014

RECEIVED OF Treasurer, San Diego County Regional Airport Authority:

For the following purposes: Parking – CEO Contract Negotiation Planning
Hecht Solberg Robinson Goldberg

Total \$20.00

I hereby certify that the purchase represented by this voucher was made by me for the use or benefit of the San Diego County Regional Airport Authority.


EMPLOYEE SIGNATURE

Amy Gonzalez
PRINT NAME

DEPARTMENT HEAD APPROVAL

PETTY CASH ISSUER

| PROJECT No. | FUND | DEPT. | LOCATION | ACCOUNT | WORK ORDER |
|-------------|------|-------|----------|---------|------------|
| | | 15 | 0100 | 66290 | |

Received by: _____

Date: _____

ABM PARKING SERVICES
One America Plaza
600 West Broadway

Lane 3 03/07/17 14:14
Receipt: 067013

Short-term parking tkt
OAP - No. 002566
03/07/17 12:23
03/07/17 14:14
Period 0d1h52'
(Tax)

\$20.00

Sub Total

\$20.00

Tax

\$0.00

Total

\$20.00

Payment Received

\$20.00

VISA

XXXXXXXXXXXX
Merch: 4789307557514

Auth: 028222

Type: Swiped

ONE AMERICA PLAZA
All Amounts in USD.

IRVINE COMPANY OFFICE
PROPERTIES

PAUL ROBINSON

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BUSINESS EXPENSE REIMBURSEMENT REPORT

SDCRAA

MAR 21 2017

Corporate & Information Expenses

3/31/17

Period Covered

| DATE | G/L Account | Description | AMOUNT |
|---------|-------------|---------------------------|-----------------|
| 3/19/17 | | Dinner with CEO Candidate | Donner \$222.50 |
| | | Kimberly Becker | |
| | | April Poling | Tip 40.00 |
| | | Trudy Stambork | |
| TOTAL | | | \$262.50 |

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* Policy 3.30

NAME

Paul Robinson 3/21/17

DATE

3/21/17

APPROVED:

NAME

DATE

Eddie Vs Prime Seafood
789 West Harbor Drive, Suite #-158
San Diego, CA 92101

Table 223 Check # :71052-8514
Louie G
21:09:31 03/19/2017 Gst 4

| | Guest No.1 | |
|----------------------------|------------|-------|
| 1 Heirloom Tomato Salad | | 15.00 |
| 2 Atlantic Salmon | | 62.00 |
| 2 Coffee | | 7.50 |
| 1 Jasmine Green | | 4.00 |
| 1 American Lamb Chops | | 46.00 |
| 1 Crab Cake | | 19.00 |
| 1 Hong Kong Seabass | | 46.00 |
| 1 Small Au Gratin Potatoes | | 7.00 |

Duplicate Receipt
Stored Order

Subtotal 206.50
Sales Tax 16.00

21:09:31 03/19/2017

Eddie Vs Prime Seafood
789 West Harbor Drive, Suite #-158
San Diego, CA 92101
Check # :71052-8514

Table 223

Louie G
09:13 PM 03/19/2017 Gst 4
Transaction #:1325534824

Card Number Auth Code
xxxxxxxxxxxxx 24260G
Visa

Check Amount 222.50

Tip.....

Total....

X

40
262.50

[Signature]