

#### Board Members

Johanna Schiavoni (Chair)  
Paul Robinson (Vice Chair)  
Catherine Blakespear  
Gil Cabrera  
Mary Casillas Salas  
Robert T. Lloyd  
Paul McNamara  
Nora E. Vargas  
Marni von Wilpert

## Board Meeting Agenda

**Thursday, July 1, 2021**

**9:00 A.M.**

San Diego International Airport  
SDCRAA Administration Building  
3225 N. Harbor Drive  
San Diego, California 92101

#### Ex-Officio Board Members

Gustavo Dallarda  
Col. Charles B. Dockery  
Gayle Miller

#### President/CEO

Kimberly J. Becker

This meeting of the Board of the San Diego County Regional Airport Authority Board will be conducted pursuant to the provisions of California Executive Order N-08-21 which suspends certain requirements of the Ralph M. Brown Act. During the current State of Emergency and in the interest of public health, all Board members will be participating in the meeting electronically. In accordance with the Executive Order, there will be no members of the public in attendance at the Board Meeting. We are providing alternatives to in-person attendance for viewing and participating in the meeting. In lieu of in-person attendance, members of the public may submit their comments in the following manner.

#### Comment on Non-Agenda Items

Public comments on non-agenda items must be submitted to the Authority Clerk at [clerk@san.org](mailto:clerk@san.org) no later than 4:00 p.m. the day prior to the posted meeting in order to be eligible to be read into the record. The Authority Clerk will read the first 30 comments received by 4:00 p.m. the day prior to the meeting into the record; each of these comments will be read for up to three minutes or for the time determined by the Chair. The maximum number of comments to be read into the record on a single issue will be 16. All other comments submitted, including those received after 4:00 p.m. the day prior and before 8:00 a.m. the day of the meeting, will be provided to the Authority Board and submitted into the written record for the meeting.

#### Comment on Agenda Items

Public comment on agenda items may be submitted to the Authority clerk at [clerk@san.org](mailto:clerk@san.org). Comments received no later than 8:00 a.m. on the day of the meeting will be distributed to the Board and included in the record.

If you'd like to speak to the Board live during the meeting, please follow these steps to request to speak:

Thursday, July 1, 2021

- **Step 1:** Fill out the online **Request to Speak Form** to speak during the meeting via teleconference. The form must be submitted by 4 p.m. the day before the meeting or by 4:00 p.m. the Friday before a Monday meeting. After completing the form, you'll get instructions on how to call in to the meeting.
- **Step 2:** Watch the meeting via the Webcast located at the following link, <https://www.san.org/Airport-Authority/Meetings-Agendas/Authority-Board?EntryId=13946>
- **Step 3:** When the Board begins to discuss the agenda item you want to comment on, call in to the conference line, you will be placed in a waiting area. ***Please do not call until the item you want to comment on is being discussed.***
- **Step 4:** When it is time for public comments on the item you want to comment on, Authority Clerk staff will invite you into the meeting and unmute your phone. Staff will then ask you to state your name and begin your comments.

## How to Watch the Meeting

You may also view the meeting online at the following link: <https://www.san.org/Airport-Authority/Meetings-Agendas/Authority-Board?EntryId=13946>

## Requests for Accessibility Modifications or Accommodations

As required by the Americans with Disabilities Act (ADA), requests for agenda information to be made available in alternative formats, and any requests for disability-related modifications or accommodations required to facilitate meeting participation, including requests for alternatives to observing meetings and offering public comment as noted above, may be made by contacting the Authority Clerk at (619) 400-2550 or [clerk@san.org](mailto:clerk@san.org). The Authority is committed to resolving accessibility requests swiftly in order to maximize accessibility.

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

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

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



## CALL TO ORDER:

## ROLL CALL:

## PRESENTATIONS:

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

- **AUDIT COMMITTEE:**  
Committee Members: Blakespear, Casillas Salas, Lloyd, Vann (Chair), Newsom, Vargas, Wong Nickerson
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**  
Committee Members: Blakespear, Cabrera, McNamara (Chair), Schiavoni, von Wilpert
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**  
Committee Members: McNamara, Robinson (Chair), Schiavoni, Vargas
- **FINANCE COMMITTEE:**  
Committee Members: Cabrera, Casillas Salas, Lloyd (Chair), von Wilpert

## **AD HOC COMMITTEES**

- **DIVERSITY, EQUITY AND INCLUSION AD HOC COMMITTEE:**  
Committee Members: Cabrera (Chair), Casillas Salas, Schiavoni, Vargas

## **ADVISORY COMMITTEES**

- **AUTHORITY ADVISORY COMMITTEE:**  
Liaison: Casillas Salas (Primary), Robinson
- **ARTS ADVISORY COMMITTEE:**  
Committee Member: Robert H. Gleason

## **LIAISONS**

- **CALTRANS:**  
Liaison: Dallarda
- **INTER-GOVERNMENTAL AFFAIRS:**  
Liaison: Cabrera

- **MILITARY AFFAIRS:**  
Liaison: Dockery
- **PORT:**  
Liaisons: Robinson, Schiavoni (Primary), Vargas
- **WORLD TRADE CENTER:**  
Representatives: Robert H. Gleason

## **BOARD REPRESENTATIVES (EXTERNAL)**

- **SANDAG BOARD OF DIRECTORS:**  
Representative: Robinson, Schiavoni (Primary)
- **SANDAG TRANSPORTATION COMMITTEE:**  
Representatives: Cabrera (Primary), Lloyd

## **CHAIR REPORT:**

## **PRESIDENT/CEO REPORT:**

## **NON-AGENDA PUBLIC COMMENT:**

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

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

## **CONSENT AGENDA (ITEMS 1- 17):**

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

1. **APPROVAL OF MINUTES:**  
RECOMMENDATION: Approve the minutes of the June 3, 2021 regular Board 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.

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

**3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM MAY 10, 2021 THROUGH JUNE 6, 2021 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM MAY 10, 2021 THROUGH JUNE 6, 2021:**

RECOMMENDATION: Receive the report.

**(Procurement: Jana Vargas, Director)**

**4. JULY 2021 LEGISLATIVE REPORT:**

RECOMMENDATION: Adopt Resolution No. 2021-0067, approving the July 2021 Legislative Report.

**(Government Relations: Matt Harris, Director)**

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

RECOMMENDATION: Adopt Resolution No. 2021-0068, accepting the Board Member Weighted Vote Point Allocation as required by Section 170014 of the California Public Utilities Code.

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

**6. APPROVE APPOINTMENTS TO THE ARTS ADVISORY COMMITTEE:**

RECOMMENDATION: Adopt Resolution No. 2021-0069, approving the appointments of Jerome Fontamillas, Robert Gleason, and Ethan van Thillo to the Arts Advisory Committee.

**(Customer Experience & Innovation: Chris Chalupsky, Senior Manager, Arts Program)**

- 7. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXTEND THE RENT FORBEARANCE AND ABATEMENT PROGRAM TO PROVIDE RENT ABATEMENT TO QUALIFYING NON-AIRLINE TENANTS FOR AN ADDITIONAL TEMPORARY PERIOD NOT TO EXCEED THREE MONTHS, AS A RESULT OF THE CONTINUED IMPACT OF THE COVID-19 PANDEMIC:**

RECOMMENDATION: Adopt Resolution No. 2021-0070, approving and authorizing the President/CEO to execute the required agreements to extend the Authority's temporary rent forbearance and abatement program to temporarily reduce rental obligations of qualifying non-airline tenants at the Airport, by providing abatement of monthly minimum annual guarantee (MAG), certain fixed-rent, and a portion of cost recovery payments for a period not to exceed three (3) months beginning July 1, 2021 and ending September 30, 2021, in response to the continued impact of the COVID-19 pandemic crisis.

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

## CLAIMS

## COMMITTEE RECOMMENDATIONS

- 8. REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDITS FOR THE FISCAL YEAR ENDED JUNE 30, 2021:**

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

**(Accounting: Elizabeth Stewart, Interim Director)**

- 9. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO AWARD A CONTRACT TO BAKER TILLY US, LLP TO PROVIDE ON-CALL CONSTRUCTION AUDIT SERVICES:**

RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2021-0071, approving and authorizing the President/CEO to negotiate and execute an agreement with Baker Tilly US, LLP to provide On-Call Construction Audit Services, in an amount not to exceed \$1,500,000, for a term of three years, with the option for two (2) two-year extensions, which may be exercised at the sole discretion of the Authority's President/CEO.

**(Audit: Lee Parravano, Chief Auditor)**

## CONTRACTS AND AGREEMENTS

- 10. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 11, GROUP 2, PROJECT NO. 381102, FORTY (40) NON-HISTORIC SINGLE-FAMILY AND MULTI-FAMILY UNITS ON SIX (6) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2021-0072, awarding a contract to S&L Specialty Construction, Inc., in the amount of \$687,609.74 for Phase 11, Group 2, Project No. 381102, of the San Diego County Regional Airport Authority's Quieter Home Program.

**(Planning & Environmental Affairs: Brendan Reed, Director)**

- 11. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FIRST AMENDMENT TO THE ON-CALL INDUSTRIAL HYGIENE SERVICES AGREEMENT WITH AURORA INDUSTRIAL HYGIENE:**

RECOMMENDATION: Adopt Resolution No. 2021-0073, approving and authorizing the President/CEO to execute a first Amendment to the On-Call Industrial Hygiene Services Agreement with Aurora Industrial Hygiene, increasing the amount payable by \$250,000 for a new total not-to-exceed compensation amount of \$800,000.

**(Planning & Environmental Affairs: Brendan Reed, Director)**

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

- 12. AWARD A CONTRACT TO GRAHOVAC CONSTRUCTION FOR REMODEL T2E FOR ACCESS CONTROL OFFICE (ACO) & HARBOR POLICE DEPARTMENT (HPD) RELOCATIONS AT SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No 2021-0074, awarding a contract to Grahovac Construction in the amount of \$3,726,462, for Project No. 104290, Remodel T2E for ACO & HPD Relocations at San Diego International Airport.

**(Airport Design and Construction: Bob Bolton, Director)**

- 13. AWARD A CONTRACT TO G&G SPECIALTY CONTRACTORS, INC. FOR QUIETER HOME PROGRAM PHASE 11, GROUP 3, PROJECT NO. 381103 ONE HUNDRED AND TWO (102) NON-HISTORIC MULTI-FAMILY UNITS ON ONE (1) RESIDENTIAL PROPERTY LOCATED WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2021-0075, awarding a contract to G&G Specialty Contractors, Inc., in the amount of \$2,045,240.46 for Phase 11, Group 3, Project No. 381103, of the San Diego County Regional Airport Authority's Quieter Home Program.

**(Planning & Environmental Affairs: Brendan Reed, Director)**

**14. APPROVE AND AUTHORIZE AN INCREASE IN THE PRESIDENT/CEO'S CHANGE ORDER AUTHORITY FOR QUIETER HOME PROGRAM PHASE 10, GROUP 8, WITH S&L SPECIALTY CONSTRUCTION, INC.:**

RECOMMENDATION: Adopt Resolution No. 2021-0076, authorizing an increase in the President/CEO's change order authority for Quieter Home Program Phase 10, Group 8, with S&L Specialty Construction, Inc., in the amount of \$180,509.04, to a new total contract value of \$2,081,865.27.

**(Planning & Environmental Affairs: Brendan Reed, Director)**

**15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A LANDSCAPE MAINTENANCE AGREEMENT WITH AZTEC LANDSCAPING, INC.:**

RECOMMENDATION: Adopt Resolution No. 2021-0077, approving and authorizing the President/CEO to execute a landscape maintenance service Agreement with Aztec Landscaping, Inc., for a term of three years, with the option for two (2) one-year extensions exercisable at the discretion of the President/CEO, for a total not-to-exceed compensation amount of \$3,000,000, to provide landscape maintenance services, at San Diego International Airport ("SDIA").

**(Facilities Management: David LaGuardia, Director)**

**16. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FIRE ALARM AND RELATED SYSTEMS MAINTENANCE SERVICE AGREEMENT WITH SYGNAL SYSTEMS:**

RECOMMENDATION: Adopt Resolution No. 2021-0078, approving and authorizing the President/CEO to execute a fire alarm and related systems maintenance service Agreement with Sygnal Systems, for a term of three years, with the option for two (2) one-year extensions exercisable at the discretion of the President/CEO, for a total not-to-exceed compensation amount of \$1,190,484, to provide fire alarm and related systems maintenance services, at San Diego International Airport ("SDIA").

**(Facilities Management: David LaGuardia, Director)**

**17. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH NETWORK SECURITY ELECTRONICS, INC. (NSEI), FOR AIRPORT SECURITY SYSTEMS MAINTENANCE AND REPAIR SERVICES:**

RECOMMENDATION: Adopt Resolution No. 2021-0079, approving and authorizing the President/CEO to execute an Agreement with Network Security Electronics, Inc. (NSEI), for airport security systems maintenance and repair services, in an amount not to exceed Fifteen Million Dollars (\$15,000,000) for a term of three (3) years, with the option of four (4) one-year extensions at the sole discretion of the President/CEO.

**(Aviation Security & Public Safety: Clint Welch, Director)**

**PUBLIC HEARINGS:**

## OLD BUSINESS:

## NEW BUSINESS:

**18. APPROVE A SHORT-TERM BORROWING PROGRAM AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A REVOLVING CREDIT AGREEMENT WITH BANK OF AMERICA, N.A.:**

RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2021-0080, approving the establishment of a Short-Term Borrowing Program; authorizing the issuance and/or incurrence, from time to time, of one or more series of the Authority's Subordinate Airport Revenue Revolving Obligations in an aggregate principal amount not to exceed \$200,000,000 outstanding at any one time, in the form of a Revolving Line of Credit; approving forms of an Eighth Supplemental Subordinate Trust Indenture, a Revolving Credit Agreement, promissory notes and all related documentation and certain related matters.

**(Finance & Risk Management: John Dillon, Director)**

**19. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE THE FIRST AMENDMENT TO THE TURNER-FLATIRON, A JOINT VENTURE, CONTRACT FOR AIRPORT DEVELOPMENT PROGRAM TERMINAL AND ROADWAYS EXTENDING THE VALIDATION PHASE:**

RECOMMENDATION: Adopt Resolution No. 2021-0081, approving and authorizing the President/CEO to negotiate and execute the First Amendment to the Contract with Turner-Flatiron, a Joint Venture, extending the Validation Phase Services Agreement by 107 days from 300 days to 407 days and increasing the contract price by \$78,000,000 from \$80,000,000 to \$158,000,000 for validation phase services, extended design, early procurement, early construction, and select abatement and demolition activities.

**(Development: Dennis Probst, Vice President & Chief Development Officer)**

**20. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A CONTRACT AND A FUTURE GUARANTEED MAXIMUM PRICE AMENDMENT WITH SUNDT CONSTRUCTION, INC., FOR DESIGN AND CONSTRUCTION OF AIRPORT DEVELOPMENT PROGRAM PACKAGE 3 – NEW ADMINISTRATION BUILDING:**

RECOMMENDATION: Adopt Resolution No 2021-0082, approving and authorizing: the President/CEO to negotiate and execute (1) a Contract with Sundt Construction, Inc., establishing a Maximum Contract Price of \$91,379,967 and a contract duration of 930 calendar days for the design and construction of Airport Development Program Package 3, New Administration Building; (2) a future Guaranteed Maximum Price Amendment within the Maximum Contract Price after execution of the Contract; and (3) removal of the existing program management complex trailers.

**(Development: Dennis Probst, Vice President & Chief Development Officer)**



## CLOSED SESSION:

**21. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**

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

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

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

**22. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**

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

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

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

**23. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**

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

Name of case: In re Advantage Holdco, Inc., et al., Case No. 20-11259-JTD

**24. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**

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

Name of case: Neighbors Against Noise and Traffic v. City of El Cajon, et al.

San Diego Superior Court Case No. 37-2021-00016823-CU-TT-CTL

**25. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**

(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code §54956.9)

Number of cases: 2

**26. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**

(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)

Number of potential cases: 1

**27. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**

(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)

Order No. WQ 2019-0005-DWQ by the State Water Resources Control Board pertaining to PFAS

Number of potential cases: 1

**28. 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

**29. CONFERENCE WITH LABOR NEGOTIATORS:**

Cal. Gov. Code section 54957.6

Agency designated representatives: Angela Shafer-Payne, Monty Bell, Lola Barnes, Greg Halsey, Rod Betts

Employee organization: California Teamsters Local 911

**30. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**

(Government Code §54956.8)

Property: 2 parcels of land situated in the City of San Diego, County of San Diego, State of California, said parcels being a portion of that 231.21 acre tract of land acquired by Warranty Deed from San Diego Securities Company dated June 4, 1917 and recorded June 9, 1917 in Book 740 at page 61 of Deeds in the Office of the Recorder of San Diego County and a portion of that 180.34 acre tract of land acquired by Deed from the City of San Diego dated December 1, 1916 and recorded September 5, 1917 in Book 739 at page 307 of Deeds in the Office of the Recorder of San Diego County and said parcels being designated for the purpose of this description as Parcel 1 and Parcel 2. Parcel 1- approximately 14.03 acres of land and Parcel 2-approximately 2.39 acres of land as more specifically described in the Lease Agreement between the United States of America and the San Diego County Regional Airport Authority, Authority Lease No. LE-0107.

Agency negotiator: Hampton Brown, Matt Harris, Susan Diekman, Jim DeCock, Amy Gonzalez

Negotiating parties: David Bixler, Michael Oestericher, Russell Rang, Reid Merrill, Curtis Permitto- United State of America, Department of the Navy

Under negotiation: Price and terms of payment

**31. THREAT TO PUBLIC SERVICES OR FACILITIES:**

Consultation with: General Counsel and President/CEO

**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:**

Thursday, July 1, 2021

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

- 1) Persons wishing to address the Board, ALUC, and Committees shall submit an email to the Clerk at [clerk@san.org](mailto:clerk@san.org) prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to submit an email shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.

After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

## Additional Meeting Information

**NOTE:** This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2550 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the agenda is also available to you on our website at [www.san.org](http://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 SDCRAA Building by using public transit via the San Diego MTS System, Route 992. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

**DRAFT**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD**  
**MINUTES**  
**THURSDAY, JUNE 3, 2021**  
**SAN DIEGO INTERNATIONAL AIRPORT**  
**BOARD ROOM**

**CALL TO ORDER:** Chair Schiavoni called the meeting of the San Diego County Regional Airport Authority Board to order at 9:00 a.m. on Thursday, June 3, 2021, electronically and via teleconference pursuant to Executive Order N-29-20 at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

**ROLL CALL:**

PRESENT: Board Members: Blakespear, Cabrera, Casillas Salas, Dallarda (Ex-Officio), Lloyd, McNamara, Robinson, Schiavoni, Vargas, von Wilpert

ABSENT: Board Members: Dockery (Ex-Officio) Miller (Ex-Officio),

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

Chair Schiavoni announced that Item 18 would be heard first.

**NEW BUSINESS:**

**18. ACCEPT THE TITLE 14 CODE OF FEDERAL REGULATIONS (CFR) PART 150 NOISE COMPATIBILITY STUDY UPDATE AND AUTHORIZE THE PRESIDENT/CEO TO SUBMIT TO THE FAA FOR THEIR REVIEW:**

Sjohnna Knack, Program Manager, Planning & Environmental Affairs, provided a presentation on the Title 14 Code of Federal Regulations (CFR) Part 150 Noise Compatibility Study Update that included Purpose of Part 150 Study, Citizen Advisory & Technical Advisory Committees, Noise Exposure Map, Draft Existing 2018 Noise Contours, Draft Future 2026 Noise Contours, Examples of Recommendations and Public Engagement Process.

RECOMMENDATION: Adopt Resolution No. 2021-0065, accepting the Title 14 Code of Federal Regulations (CFR) Part 150 Noise Compatibility Study Update and authorizing the President/CEO to submit to the FAA for their review.

**ACTION: Moved by Board Member Cabrera and seconded by Board Member Robinson to approve staff's recommendation. Motion carried by the following votes: YES – Blakespear, Cabrera, Casillas Salas, Lloyd, McNamara, Robinson, Schiavoni, Vargas, von Wilpert; NO – None; ABSENT – None; (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)**

**PRESENTATIONS:**

**A. SMALL BUSINESS DEVELOPMENT UPDATE:**

Jim DeCock, Interim Director, Revenue Generation & Partnership Development, and Maria A. Quiroz, Interim Manager, Small Business Development, provided a Small Business Development Update presentation that included Authority Programs and Policy Determinations, What are the DBE and ACDBE Programs, What is a DBE, What is an ACDBE, Inclusionary Approach and Policy 5.12, Certification and Eligibility and Assistance and Success Stories.

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

- **AUDIT COMMITTEE:** Committee Member Vann reported that the Committee met on May 10<sup>th</sup> and were provided with a presentation from external auditor BKD on their upcoming audit of the Authority's Financial Statements for the end of Fiscal Year 2021, and from the Chief Auditor, presentations on a revision to the Chief Auditor's current Fiscal Year Audit Plan, and the Chief Auditor's proposed Audit Plan for Fiscal Year 2022. She also reported that an Audit training on June 21<sup>st</sup> is planned and that all Board Members are invited to attend.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** Board Member McNamara reported that the next meeting is scheduled for July 15<sup>th</sup> and that the agenda will be set after the July 1<sup>st</sup> Board meeting.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** Board Member Robinson reported that the Committee met on May 27<sup>th</sup> and that reports were received on the performances of the President/CEO, General Counsel and Chief Auditor.

- **FINANCE COMMITTEE:** Board Member Lloyd reported that on May 24<sup>th</sup> the Committee reviewed the Unaudited Financial Statements and Investment Report for the period ending April 30<sup>th</sup>, and that the Committee also conducted its annual review of Authority Policies 4.20, Guidelines for Prudent Investments, and 4.40, Debt Issuance and Management. He reported that both policies were forwarded to the Board for approval and are on the Consent Agenda today.

### ***AD HOC COMMITTEE***

- **DIVERSITY, EQUITY AND INCLUSION AD HOC COMMITTEE:** Board Member Cabrera reported that the Committee held its first meeting on May 3<sup>rd</sup> to set an action plan and to provide staff direction. He reported that the next meeting of the Committee is scheduled for June 15.

### ***ADVISORY COMMITTEES***

- **AUTHORITY ADVISORY COMMITTEE:** Board Member Casillas Salas reported that the next meeting of the Committee is scheduled for July 8.
- **ARTS ADVISORY COMMITTEE:** Chris Chalupsky, Senior Manager, Arts Program, reported that a new design has been completed for the contemporary mural project on Admiral Boland Way and that Dazzle, the artwork on the facade of the Rental Car Center, is among the nominated art projects for Media Architecture for 2020. He reported that the media awards are for Urban Interactive Design and that the winners will be announced in July.

### ***LIAISONS***

- **CALTRANS:** Board Member Dallarda reported on the Clean California Plan, which is a \$1.5B three year program initiative that will partner with local governments to collect trash, commission public art and beautify downtowns, freeways and neighborhoods across California. He also reported that CALTRANS partnered with SANDAG and held a public workshop on the San Vicente Comprehensive Multimodal Plan during which over 60 participants provided input on travel needs and concerns for the area covered by SR67. He reported that public comments on the subject are accepted until the end of June and that a similar meeting will be held by CALTRANS and SANDAG on June 7<sup>th</sup>, covering the Central Mobility Hub, a

second meeting being conducted on this, that looks at direct connections to the San Diego Airport. He also reported that SR163 would be closed this weekend for several hours for tree trimming and guardrail repair work and that on the weekends of June 11<sup>th</sup> and June 18<sup>th</sup>, Interstate 8W will be closing at SR67 to reconstruct the traveling deck on the bridge interchange. He reported that on June 17<sup>th</sup> CALTRANS will be partnering with SANDAG on a ribbon cutting event for the Sweetwater River Bridge Project and he also reported that CALTRANS received an award from the California Transportation Foundation for Advanced Technology for using advanced smart variable signs.

Board Member Blakespear offered a letter of support, if needed, for the \$1.5B to ensure the equitable distribution of resources to the San Diego area and encouraged Board Member Dallarda to let the Board know of future opportunities for volunteering in support of CALTRANS' freeway cleaning efforts.

- **INTER-GOVERNMENTAL AFFAIRS:** Board Member Cabrera reported that the Biden Administration released a \$6 trillion budget request for Fiscal Year 2022, which includes funding for airport-related programs, and that the administration's budget request proposes \$3.35 billion for the traditional Airport Improvement Program and no supplemental funding for airport infrastructure projects outside of the President's infrastructure proposal. He reported that the President's infrastructure proposal, the American Jobs Plan, proposes an additional \$25 billion for aviation including a \$10 billion increase for the Airport Improvement Program, a new \$10 billion program to support terminal projects, and a \$5 billion upgrade to the National Airspace System assets. He reported that President Biden and his Administration continue negotiations with Congressional leaders on the overall size and scope of the infrastructure plan, and that the Airport Authority's Government Relations team, federal consultants and industry partners continue to advocate for additional airport funding through the budget and legislative process. He reported that the State Assembly and Senate announced a deal on a final state budget. He reported that to support the recovery of California's travel and hospitality industry, and as advocated for by the Airport Authority, the final budget agreement includes \$95 million in funding to promote California tourism and that these funds will support marketing campaigns by Visit California to encourage locals and visitors to travel in-state. He also reported that the Legislature is expected to pass the state budget in the coming weeks and that the Governor has until June 30<sup>th</sup> to sign it. He reported that the Governor is expected to end the



tiered economic reopening system, known as the Blueprint for a Safer Economy, on June 15<sup>th</sup>, and that the Airport Authority's Government Relations team along with the California Airports Council and our state legislative consultants continue to engage with the Administration, and state and local public health agencies to determine any impacts ending the Blueprint and other future changes have to the operation of the airport and the safety of our employees and passengers.

- **MILITARY AFFAIRS:** None.
- **PORT:** None.
- **WORLD TRADE CENTER:** Hampton Brown, Vice President/CRO, Marketing and Air Service Development, reported that the Committee met on June 2<sup>nd</sup> and that there have been some changes in the composition of the WTC Board. He reported that the City of San Diego has placed Cristina Bibler, City Director of Business Development, in the seat vacated by Eric Caldwell, and that the Port of San Diego has placed Commissioner Jennifer Lewis in the seat vacated by Marshall Merrifield. He reported that the Board elected officers for the year and that Robert Gleason will continue as Chair. He also reported that Port representative, Commissioner Lazar, will be the Treasurer and Bibler was elected Secretary. He reported that the Board received updates on the 2021 Workplan, the license holder deliverables, and the GO Global Regional Strategic Plan.

#### ***BOARD REPRESENTATIVES (EXTERNAL)***

- **SANDAG BOARD OF DIRECTORS:** Chair Schiavoni reported that the Board held four meetings this past month and that two of the meetings were regular ones and two were workshops about the 2021 Regional Plan. She reported that the Board adopted SANDAG's 2022 budget and that Agnes Wong Nickerson was appointed to the SANDAG Audit Committee. She reported that the Board heard an update on the study regarding improvements to the critical rail corridor between San Diego and Los Angeles. She also reported that the 2021 Regional Plan is now available for public review until July 30<sup>th</sup>.
- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Cabrera reported that the Committee met twice and that one of the meetings was a workshop on the 2021 Regional Plan. He reported that there was discussion on the survey of businesses and employees regarding remote work and that

there was also discussion on how the Regional Plan related to social equity and regional goals for a fair transportation system going into 2035 and 2050.

Board Member Blakespear stated that there is a lot of interest in the Regional Plan and that there is great benefit for the airport to have this Plan because of the Central Mobility Hub, which would allow people to access the airport quicker and easier. She stated that the Authority's support for the Plan would be beneficial in the court of public opinion and she encouraged Board Members to speak publicly on it if they have the opportunity and find relevancy.

**CHAIR'S REPORT:** Chair Schiavoni reported that the Authority continues to work with its partners on its recovery efforts and reported that this past week the Authority partnered with the City of San Diego to offer a vaccination event at the Airport, open to all Authority employees and their families, USO personnel, military and Convention Center and Tourism Authority employees. She expressed appreciation to San Diego County Supervisor Chair Nathan Fletcher and County Vice Chair Nora Vargas for making the event possible. She reported that on May 24<sup>th</sup> she joined Kim Becker, President/CEO, in providing a presentation to the City's Covid 19 Recovery Committee, chaired by Council Member and Authority Board Member von Wilpert, regarding the airport's role in the region's economic recovery. She also reported that she provided a presentation to the San Diego Chamber of Commerce in May and that Ms. Becker presented at the Chamber's Lead Program. She expressed appreciation to all Authority staff involved in the preparation of the Budget, and noted that it is included for approval in today's agenda.

**PRESIDENT/CEO'S REPORT:** Kim Becker, President/CEO, reported that air service in May was up 41% from 2019, and a remarkable 582% over the worst month in Covid. She reported that on May 23<sup>rd</sup> a new high was reached when the passenger checkpoints were down only 8% from 2019.

She reported that airlines continue to add new service such as Southwest who after adding service last month from San Diego to Hawaii are adding flights to Maui, and a second daily flight to Honolulu starting June 6<sup>th</sup>. She reported that this will be the most service to Hawaii in the airport's history, and that with the additional service being provided with flights to New York's JFK, Bozeman and Kalispell in Montana, they are now offering 32 destinations from San Diego, which is more than any other carrier at San Diego Airport. She also reported that despite the new routes, restrictions are still in place, especially for international travel and

that staff continues to work with its industry partners to encourage more friendly travel policies. She expressed appreciation to the Revenue Generation and Partnership Development team for their work on the 2021 U.S. PGA Tour by negotiating an agreement to use the airport's underutilized parking spaces for 300 courtesy vehicles that will be provided to players and staff when they visit San Diego. She acknowledged Airport Traffic Officer Madonna Haynes as the latest recipient of the Employee of the Quarter award.

Board Member von Wilpert suggested considering a way of providing the traveling public the opportunity to be vaccinated at the airport.

Board Member Vargas stated that the County has several vaccination pilot programs and that one could possibly be implemented at the airport.

Chair Schiavoni asked that staff investigate whether this is something that could be done.

**NON-AGENDA PUBLIC COMMENT:** None.

**CONSENT AGENDA (Items 1-15):**

**ACTION: Moved by Board Member Cabrera and seconded by Board Member Casillas Salas to approve the Consent Agenda. Motion carried by the following votes: YES – Blakespear, Cabrera, Casillas Salas, Lloyd, McNamara, Robinson, Schiavoni, Vargas, von Wilpert; NO – None; ABSENT – None; (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)**

**1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the Special Board meetings on March 30, 2021 and April 15, 2021 and the May 6, 2021 regular Board meeting.

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

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

3. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM APRIL 12, 2021 THROUGH MAY 9, 2021 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM APRIL 12, 2021 THROUGH MAY 9, 2021:**  
RECOMMENDATION: Receive the report.
4. **JUNE 2021 LEGISLATIVE REPORT:**  
RECOMMENDATION: Adopt Resolution No. 2021-0052, approving the June 2021 Legislative Report.
5. **RESCIND RESOLUTION NO. 2019-0074 AND ADOPT A NEW RESOLUTION FOR THE PRE-APPROVAL OF BOARD MEMBER PARTICIPATION AND REPRESENTATION OF THE AUTHORITY AT MEETINGS, TRAININGS AND EVENTS:**  
RECOMMENDATION: Rescind Resolution No. 2021-0074 and adopt Resolution No. 2021-0053, pre-approving Board Member participation and representation of the Authority at meetings, trainings and events.

## **CLAIMS**

## **COMMITTEE RECOMMENDATIONS**

6. **APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE:**  
RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2021- 0054, appointing Gretchen Newsom as a public member of the Audit Committee to commence July 2021 for a three-year term.
7. **ANNUAL REVIEW OF AUTHORITY POLICY 4.20 - GUIDELINES FOR PRUDENT INVESTMENTS AND DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, CHIEF FINANCIAL OFFICER/TREASURER:**  
RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2021- 0055, approving amendments to Authority Policy 4.20 - Guidelines for Prudent Investments, and delegating authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer.

**8. ANNUAL REVIEW OF AUTHORITY POLICY 4.40 – DEBT ISSUANCE AND MANAGEMENT:**

RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2021-0056, approving amendments to Authority Policy 4.40 - Debt Issuance and Management.

**9. ACCEPT THE FISCAL YEAR 2021 THIRD QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**

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

**10. APPROVE THE REVISION TO THE FISCAL YEAR 2021 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**

RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2021-0057, approving the revision to the Fiscal Year 2021 Audit Plan.

**CONTRACTS AND AGREEMENTS**

**11. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A SECOND AMENDMENT TO THE CONCESSION LEASE WITH IN-TER-SPACE SERVICES, INC., DBA CLEAR CHANNEL AIRPORTS:**

RECOMMENDATION: Adopt Resolution No 2021-0058, approving and authorizing the President/CEO to negotiate and execute a Second Amendment to the Concession Lease with In-Ter-Space Services, Inc., dba Clear Channel Airports to waive percentage rent when the Authority pays for advertisement using the Authority's concession marketing fund.

**12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A REIMBURSABLE AGREEMENT WITH THE DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION (FAA) FOR ENGINEERING AND TECHNICAL SUPPORT RELATED TO ADP PACKAGE 2: AIRSIDE IMPROVEMENTS:**

RECOMMENDATION: Adopt Resolution No. 2021-0060, approving and authorizing the President/CEO to Execute a Reimbursable Agreement between the Department of Transportation Federal Aviation Administration (FAA) and the San Diego County Regional Airport Authority for engineering and technical support related to ADP Package 2: Airside Improvements.

**13. APPROVE AND AUTHORIZE AN INCREASE IN THE PRESIDENT/CEO'S CHANGE ORDER AUTHORITY AND INCREASE THE CONTRACT DURATION FOR UPGRADE ENGINEERED MATERIAL ARRESTING SYSTEM (EMAS) AT SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2021-0061, approving and authorizing an increase in the President/CEO's change order authority from \$144,879 to an amount not to exceed \$344,879 and an increase in the contract duration from 138 calendar days to 250 calendar days for Project No. 104281 Upgrade Engineered Material Arresting System (EMAS) at San Diego International Airport.

**14. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE THE FOURTH AMENDMENT TO THE AGREEMENT WITH GATZKE DILLON & BALLANCE LLP:**

RECOMMENDATION: Adopt Resolution No. 2021-0062, approving and authorizing the President/CEO to execute the Fourth Amendment to the Agreement with Gatzke Dillon & Ballance LLP for professional Legal Services increasing the compensation amount by \$150,000.

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

**15. AWARD A CONTRACT TO GRAHOVAC CONSTRUCTION TO REFURBISH PASSENGER BOARDING BRIDGES AT TERMINAL 1 WEST, SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2021-0059, awarding a contract to Grahovac Construction in the amount of \$1,699,502 for Project No. 104194D, Refurbish Passenger Boarding Bridges (T1W) San Diego International Airport.

**PUBLIC HEARINGS:**

**OLD BUSINESS:**

**NEW BUSINESS, Continued:**

**16. APPROVE THE FISCAL YEAR 2022 PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**

Lee Parravano, Chief Auditor, provided a presentation on the Fiscal Year 2022 proposed Audit Plan of the Office of the Chief Auditor that included Defining the Audit Universe, Identify and Rank Risks, Interpreting the Risk Assessment Results, Top Risks by Division, Audit Plan Development, Audit Resources (Internal), Proposed Audits and Hours, Proposed General Audit Activities and Hours, Proposed Administrative Hours, Proposed Audit Hours by Department, and Proposed Contingent Audits and Hours.

RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2021-0063, approving the Fiscal Year 2022 proposed Audit Plan of the Office of the Chief Auditor.

**ACTION: Moved by Board Member Vargas and seconded by Board Member Lloyd to approve the Committee's recommendation. Motion carried by the following votes: YES – Blakespear, Cabrera, Casillas Salas, Lloyd, McNamara, Robinson, Schiavoni, Vargas, von Wilpert; NO – None; ABSENT – None; (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)**

**17. APPROVAL AND ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2022, THE CAPITAL PROGRAM FOR FISCAL YEARS 2022 - 2026 AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2023:**

Scott Brickner, Vice President/CFO, Treasurer, provided a presentation of the Operating Budget for Fiscal Year 2022, the Capital Program for Fiscal Years 2022-2026 and conceptual Operating Budget for Fiscal Year 2023 that included Revenue Budget Overview, Expense Budget Overview, Budget Summary, Capital Program Budget Fiscal Years 2022-2026 – Budget Summary, and Plan of Finance Fiscal Years 2022-2026.

RECOMMENDATION: Adopt Resolution No. 2021-0064, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2022, the Capital Program for Fiscal Years 2022-2026, and conceptually approving the Operating Budget for Fiscal Year 2023.

**ACTION: Moved by Board Member Cabrera and seconded by Board Member von Wilpert to approve staff's recommendation. Motion carried by the following votes: YES – Blakespear, Cabrera, Casillas Salas, Lloyd, McNamara, Robinson, Schiavoni, Vargas, von Wilpert; NO – None; ABSENT – None; (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)**



*The Board recessed at 11:05 a.m. and reconvened at 11:08 a.m.*

**19. PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING THE COMPENSATION OF THE PRESIDENT/CEO:**

RECOMMENDATION: The Board will be discussing and possibly taking action regarding the employment contract of the President/Chief Executive Officer.

**20. PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING THE COMPENSATION OF THE GENERAL COUNSEL:**

RECOMMENDATION: The Board will be discussing and possibly taking action regarding the employment contract of the General Counsel.

**21. PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING THE COMPENSATION OF THE CHIEF AUDITOR:**

RECOMMENDATION: The Board will be discussing and possibly taking action regarding the employment contract of the Chief Auditor.

**ACTION: In regards to Items 33, 34 and 35 it was moved by Board Member Robinson and seconded by Board Member McNamara that there would be no salary increases or bonuses for the President/CEO, General Counsel and Chief Auditor, but that the Board would permit the CPI to take effect pursuant to their contracts. Motion carried by the following votes: YES – Casillas Salas, Lloyd, McNamara, Robinson, Schiavoni; NO – None; ABSENT – Blakespear, Cabrera, Vargas, von Wilpert; (Weighted Vote Points: YES – 54; NO – 0; ABSENT – 46)**

**CLOSED SESSION:** The Board recessed into Closed Session at 11:08 a.m. to hear Items 23, 24, 30, 33, 34 and 35.

**22. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**

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

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

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

**23. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**

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

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

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

**24. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**

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

Name of Case: City of Coronado v. San Diego County Regional Airport Authority, et al.

San Diego Superior Court Case No. 37-2020-00039394-CU-TT-CTL

**25. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**

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

Name of case: In re Advantage Holdco, Inc., et al., Case No. 20-11259-JTD

**26. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**

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

Name of case: Neighbors Against Noise and Traffic v. City of El Cajon, et al.

San Diego Superior Court Case No. 37-2021-00016823-CU-TT-CTL

**27. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**

(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code §54956.9)

Number of cases: 2

**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: 1

**29. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**

(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)

Order No. WQ 2019-0005-DWQ by the State Water Resources Control Board pertaining to PFAS

Number of potential cases: 1

**30. CONFERENCE WITH LABOR NEGOTIATORS:**

Cal. Gov. Code section 54957.6

Agency designated representatives: Angela Shafer-Payne, Monty Bell, Lola Barnes, Greg Halsey, Rod Betts

Employee organization: California Teamsters Local 911

**31. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**

(Government Code §54956.8)

Property: 2 parcels of land situated in the City of San Diego, County of San Diego, State of California, said parcels being a portion of that 231.21 acre tract of land acquired by Warranty Deed from San Diego Securities Company dated June 4, 1917 and recorded June 9, 1917 in Book 740 at page 61 of Deeds in the Office of the Recorder of San Diego County and a portion of that 180.34 acre tract of land acquired by Deed from the City of San Diego dated December 1, 1916 and recorded September 5, 1917 in Book 739 at page 307 of Deeds In the Office of the Recorder of San Diego County and said parcels being designated for the purpose of this description as Parcel 1 and Parcel 2. Parcel 1- approximately 14.03 acres of land and Parcel 2-approximately 2.39 acres of land as more specifically described in the Lease Agreement between the United States of America and the San Diego County Regional Airport Authority, Authority Lease No. LE-0107.

Agency negotiator: Hampton Brown, Matt Harris, Susan Diekman, Jim DeCock, Amy Gonzalez

Negotiating parties: David Bixler, Michael Oestericher, Russell Rang, Reid Merrill, Curtis Permito- United State of America, Department of the Navy

Under negotiation: Price and terms of payment

**32. THREAT TO PUBLIC SERVICES OR FACILITIES:**

Consultation with: General Counsel and President/CEO

**33. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**

Cal. Gov. Code §54957

Title: President/Chief Executive Officer

**34. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**

Cal. Gov. Code §54957

Title: General Counsel

**35. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**

Cal. Gov. Code §54957

Title: Chief Auditor

**REPORT ON CLOSED SESSION:** The Board reconvened out of Closed Session at 12:58 p.m. Amy Gonzalez, General Counsel, reported that in regard to Item 23, the Board provided direction to staff; in regard to Item 24, she reported that a settlement was approved by the Board on May 6, 2021 with all members voting YES and noting Board Member von Wilpert as ABSENT, and that in regard to Item 30, she reported that the Board provided direction to staff.

**ACTION:** In regard to Items 33, 34 and 35 it was moved by Board Member Robinson and seconded by Board Member McNamara that there would be no salary increases or bonuses for the President/CEO, General Counsel and Chief Auditor, but that the Board would permit the CPI to take effect pursuant to their contracts. Motion carried by the following votes: YES – Casillas Salas, Lloyd, McNamara, Robinson, Schiavoni; NO – None; ABSENT – Blakespear, Cabrera, Vargas, von Wilpert; (Weighted Vote Points: YES – 54; NO – 0; ABSENT – 46)

**GENERAL COUNSEL REPORT:** None.

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

**BOARD COMMENT:** None.

**ADJOURNMENT:** The meeting adjourned at 1:06 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 1<sup>st</sup> DAY OF JULY, 2021.

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

Meeting Date: July 1, 2021

### Subject:

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

### Recommendation:

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

### Background/Justification:

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

Pursuant to Authority Policy 1.10, Board Members are required to deliver to the Board a written report regarding their participation in meetings for which they are compensated. Their report is to be delivered at the next Board meeting following the specific meeting and/or training attended. The reports (Attachment A) were reviewed pursuant to Authority Policy 1.10 Section 5 (g), which defines a “day of service”. The reports were also reviewed pursuant to Board Resolution No. 2019-0074, which granted approval of Board Member representation for attending events and meetings.

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

### Fiscal Impact:

Board and Committee Member Compensation is included in the FY 2021 Budget

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

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

## Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Application of Inclusionary Policies:

Not applicable.

## Prepared by:

TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/AUTHORITY CLERK

## BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

**Directions:** This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for “day of service” compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Board Services, Authority Clerk Staff.

<b>Period Covered:</b>	June 2021	
<b>Board Member Name:</b>	Catherine Blakespear	
<b>Date:</b>	6/21/21	
<b>Type of Meeting</b>	<b>Date/Time/Location of Event/Meeting/Training</b>	<b>Summary and Description of the Event/Meeting/Training</b>
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Thursday, June 3, 2021 9:00 AM-12:00 PM Microsoft Teams	Board/ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Monday, June 21, 2021 9:30 AM-11:30 AM Microsoft Teams	Special Audit Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
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<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Catherine Blakespear Digitally signed by Catherine Blakespear  
Date: 2021.06.21 14:48:31 -07'00'



# BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

**Directions:** This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Board Services, Authority Clerk Staff.

<b>Period Covered:</b>	June 1 through June 30, 2021	
<b>Board Member Name:</b>	Gil Cabrera	
<b>Date:</b>	7/1/21	
<b>Type of Meeting</b>	<b>Date/Time/Location of Event/Meeting/Training</b>	<b>Summary and Description of the Event/Meeting/Training</b>
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	June 3, 2021, 9am-12pm - Virtual via Teams	SAN Board of Directors Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	June 4, 2021, 9am-12pm, Virtual via Zoom	SANDAG Transportation Committee Meeting
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	June 8, 2021, 3pm-4pm, Virtual via Teams	DEI Ad Hoc Committee Prep Call
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	June 15, 2021, 1pm-2pm, Virtual via Teams	DEI Ad Hoc Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	June 18, 2021, 9am-11am, Virtual via Zoom	SANDAG Transportation Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	June 21, 2021, 9am-10am, Virtual via Teams; 10-11am	SAN Executive Committee Meeting; SAN Audit Committee Special Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Gil Cabrera Digitally signed by Gil Cabrera  
Date: 2021.06.21 14:52:53 -07'00'

## BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

**Directions:** This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Board Services, Authority Clerk Staff.

<b>Period Covered:</b>	June 2021	
<b>Board Member Name:</b>	Mary Casillas Salas	
<b>Date:</b>	6/21/21	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	June 3, 2021 9:00am Microsoft Teams Meeting	Board Meeting
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	June 15, 2021 1pm Microsoft Teams Meeting	Diversity, Equity and Inclusion (DEI) Ad Hoc Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	June 21, 2021 9:00am Microsoft Teams Meeting	Executive-Finance Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	June 21, 2021 9:30am Microsoft Teams Meeting	Special Audit Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Mary Salas

**BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY**

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<b>Period Covered:</b>	June 2021	
<b>Board Member Name:</b>	Paul McNamara	
<b>Date:</b>	6/23/21	
<b>Type of Meeting</b>	<b>Date/Time/Location of Event/Meeting/Training</b>	<b>Summary and Description of the Event/Meeting/Training</b>
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	6/3/2021/0900/Zoom/Meeting	Board Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	6/21/2021/0900/Zoom/Meeting	Executive Finance Committee
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Paul McNamara Digitally signed by Paul McNamara  
Date: 2021.06.23 13:00:56 -07'00'



SAN DIEGO  
COUNTY  
REGIONAL  
AIRPORT  
AUTHORITY

## BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

**Directions:** This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Board Services, Authority Clerk Staff.

<b>Period Covered:</b>		
<b>Board Member Name:</b> Robinson		
<b>Date:</b> 6/1/21		
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act	6/3	SDCRAA Bd / ALVC Meetings
<input type="checkbox"/> Pre-approved		
<input type="checkbox"/> Res. 2019-0074	Microsoft	
<input checked="" type="checkbox"/> Brown Act	6/21	Exec. / Finance Special Board Meetings
<input type="checkbox"/> Pre-approved		
<input type="checkbox"/> Res. 2019-0074	Microsoft	
<input type="checkbox"/> Brown Act		
<input type="checkbox"/> Pre-approved		
<input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act		
<input type="checkbox"/> Pre-approved		
<input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act		
<input type="checkbox"/> Pre-approved		
<input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act		
<input type="checkbox"/> Pre-approved		
<input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act		
<input type="checkbox"/> Pre-approved		
<input type="checkbox"/> Res. 2019-0074		

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

Signature: [Signature]

SAN DIEGO  
COUNTY  
REGIONAL  
AIRPORT  
AUTHORITY

## BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

**Directions:** This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Board Services, Authority Clerk Staff.

<b>Period Covered:</b>	6/1/2021-6/21/2021	
<b>Board Member Name:</b>	Johanna S. Schiavoni	
<b>Date:</b>	6/21/21	
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 checked="" type="checkbox"/> Res. 2019-0074	6/1/2021, 3:30pm, video conference	Meet with President/CEO K. Becker
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	6/3/2021, 9:00am, Video conference	SDCRAA Board meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	6/11/2021, 9:00am, Video conference	SANDAG Board of Directors meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	6/14/2021, 12:00pm	Meet with CEO/President K. Becker and tour of Convention Center operations
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	6/15/2021, 1:00pm, video conference	Diversity, Equity, and Inclusion Ad Hoc Committee
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	6/18/2021, 4:00pm, video conference	Meet with General Counsel A. Gonzalez
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	6/21/2021, 9:00am, Video conference	SDCRAA Executive/Finance Committee /special Audit Committee
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: \_\_\_\_\_

*Johanna Schiavoni*



## Staff Report

**Meeting Date: July 1, 2021**

### Subject:

**Awarded Contracts, Approved Change orders from May 10, 2021 through June 6, 2021 and Real Property Agreements Granted and Accepted from May 10, 2021 through June 6, 2021**

### Recommendation:

Receive the report

### Background/Justification:

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

### Fiscal Impact:

The fiscal impact of these contracts and change orders are reflected in the individual program budget for the execution year and on the next fiscal year budget submission.

Amount to vary depending upon the following factors:

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

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

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

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

## Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Application of Inclusionary Policies:

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

## Prepared by:

Jana Vargas  
Director, Procurement

Attachment "A"							
AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN May 10, 2021 to June 6, 2021							
<u>New Contracts</u>							
Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
5/24/2021		Computer & Peripherals Group, Inc. dba Source Graphics	The Contractor will provide preventative maintenance services for plotters & scanners for the San Diego County Regional Airport Authority.	Informal Proposal	Airport Design & Construction	\$25,249.00	3/8/2024
5/27/2021		Global Solutions Group, Inc.	This Contractor is one of four pre-qualified and approved to provide a bid for On-call Information Technology ("IT") Cyber Services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFQ	Information & Technology Services	\$600,000.00	5/2/2024
5/27/2021		MGT of America Consulting, Inc.	This Contractor is one of four pre-qualified and approved to provide a bid for On-call Information Technology ("IT") Cyber Services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFQ	Information & Technology Services	\$600,000.00	5/3/2024
5/27/2021		Sentek Global	This Contractor is one of four pre-qualified and approved to provide a bid for On-call Information Technology ("IT") Cyber Services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFQ	Information & Technology Services	\$600,000.00	5/4/2024
5/27/2021		World Wide Technology, LLC	This Contractor is one of four pre-qualified and approved to provide a bid for On-call Information Technology ("IT") Cyber Services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFQ	Information & Technology Services	\$600,000.00	5/5/2024
6/2/2021		Kaori Fukuyama	The Artist will participate in the Under the Wing Mentorship Program at the San Diego Regional Airport Authority.	RFQ	Customer Experience Design & Innovation	\$20,000.00	3/18/2021



**Attachment "A"****New Contracts Continued**

<b>Date Signed</b>	<b>CIP #</b>	<b>Company</b>	<b>Description</b>	<b>Solicitation Method</b>	<b>Owner</b>	<b>Contract Value</b>	<b>End Date</b>
6/4/2021		Risk Solutions International, LLC	The Contractor will provide Business Continuity Software Services for the San Diego County Regional Airport Authority. Risk Solutions International LLC (RSI) was selected based on the fact they were the only respondent to the Request for Proposal (RFP) and for meeting the minimum qualifications. During the consulting process, RSI staff began using a web-based tool to manage the Authority's business continuity program data being collected from the varying departments. The Authority team asked for a demonstration of this tool; and determined this would be the best way going forward to manage and refine the program, even after the consulting services are completed.	Sole Source	Emergency Preparedness and Public Safety	\$83,000.00	12/31/2021

**Attachment "A"****AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN May 10, 2021 to June 6, 2021****New Contracts Approved by the Board**

<b>Date Signed</b>	<b>CIP #</b>	<b>Company</b>	<b>Description</b>	<b>Solicitation Method</b>	<b>Owner</b>	<b>Contract Value</b>	<b>End Date</b>
5/27/2021		ePlus Technology, Inc.	This Agreement was approved by the Board at the May 6, 2021 Board Meeting. The Contractor is one of four pre-qualified and approved to provide Information Technology Equipment and Services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFB	Information Technology Services	\$3,300,000.00	5/31/2024
5/27/2021		GovConnection dba Connection Public Sector Solutions	This Agreement was approved by the Board at the May 6, 2021 Board Meeting. The Contractor is one of four pre-qualified and approved to provide Information Technology Equipment and Services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFB	Information Technology Services	\$3,300,000.00	5/31/2024
5/27/2021		Logicalis Inc.	This Agreement was approved by the Board at the May 6, 2021 Board Meeting. The Contractor is one of four pre-qualified and approved to provide Information Technology Equipment and Services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFB	Information Technology Services	\$3,300,000.00	5/31/2024
5/27/2021		Zones, LLC	This Agreement was approved by the Board at the May 6, 2021 Board Meeting. The Contractor is one of four pre-qualified and approved to provide Information Technology Equipment and Services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFB	Information Technology Services	\$3,300,000.00	5/31/2024

**Attachment "A"****AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN May 10, 2021 to June 6, 2021**

Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value ( % ) (+ / -)	New Contract Value	New End Date
5/11/2021		Carahsoft Technology Corp.	The First Amendment is to extend the term by one (1) year, add an additional 172 hours and increase the total amount payable by Forty-Three Thousand Dollars (\$43,000.00). The cost and extension is attributed to hours needed to implement additional customizations to the system, which includes online application support, processing efficiencies and training. The Contractor provides Taxi System Enhancements and Dashboard Professional Services for the San Diego County Regional Airport Authority.	Ground Transortation	\$30,000.00	\$43,000.00	143.3%	\$73,000.00	5/17/2022
5/18/2021		Kone, Inc.	The Fourth Amendment covers a cost reduction to services as a result of temporary non use of equipment due to the COVID-19 restrictions and as a cost saving measure. The Contractor provides Elevator Parts and Services for the San Diego County Airport Authority.	Facilities Maintenance	\$11,578,970.00	\$0.00	0.0%	\$11,578,970.00	12/31/2021

Attachment "A"									
AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN May 10, 2021 to June 6, 2021									
<u>Amendments and Change Orders Approved by the Board</u>									
Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value ( % ) (+ / -)	New Contract Value	New End Date
			There were No New Board Approved Amendments or Change Orders this period						

## Attachment "B"

## REAL PROPERTY AGREEMENTS EXECUTED FROM May 10, 2021 to June 6, 2021

Real Property Agreements

Begin/End Dates	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f.)	Consideration	Comments
6/1/2021 to 5/31/2041		Sand Diego Unified Port District	Lease	2535 Pacific HWY	Shuttle Parking	104,830 Sq. Ft.	\$26,207.50 per month	N/A
6/1/2021 to 5/31/2026		Sand Diego Unified Port District	Permit	3032 N. Harbor Drive	Office Trailers	135521	\$33,380.25 per month	N/A
6/1/2021 to 8/30/2025		Sand Diego Unified Port District	Permit	1380 Harbor Island Dr.	Parking	60,958 and 261,130	\$80,522 per 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
5/14/2021	LE-0750	Fox Rent a Car	Amendment	Rental Car Center	Non-Exclusive On-Airport Rental Car Concession	N/A	N/A	Add Europcar as an additional brand, update to Exhibit S
5/14/2021	LE-0875	G&P Partners dba B.C.B Company	Temporary Rent Forebearance & Abatement Extension 3 Amendment	Rental Car Center	Food/Beverage/Retail Operations	N/A	N/A	Response to COVID19 Pandemic
5/14/2021	LE-0667	SSP America, Inc.	Temporary Rent Forebearance & Abatement Extension 3 Amendment	Terminals 1 & 2	Food/Beverage Operations	N/A	N/A	Response to COVID19 Pandemic
5/14/2021	LE-0668	SSP America, Inc.	Temporary Rent Forebearance & Abatement Extension 3 Amendment	Terminals 1 & 2	Food/Beverage Operations	N/A	N/A	Response to COVID19 Pandemic
5/14/2021	LE-0669	SSP America, Inc.	Temporary Rent Forebearance & Abatement Extension 3 Amendment	Terminals 1 & 2	Food/Beverage Operations	N/A	N/A	Response to COVID19 Pandemic
6/1/2021	LE-0745	Avis	Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Amendment to CFC Loan Language to address reduced CFC collection due to COVID
6/1/2021	LE-0761	Avis (Budget)	Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Amendment to CFC Loan Language to address reduced CFC collection due to COVID
6/1/2021	LE-0753	Enterprise Rent a Car	Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Amendment to CFC Loan Language to address reduced CFC collection due to COVID
6/1/2021	LE-0751	Fox Rent a Car	Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Amendment to CFC Loan Language to address reduced CFC collection due to COVID
6/1/2021	LE-0757	Hertz Rent a Car	Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Amendment to CFC Loan Language to address reduced CFC collection due to COVID
6/1/2021	LE-0747	Nevada Lease & Rentals dba Payless Rent a Car	Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Amendment to CFC Loan Language to address reduced CFC collection due to COVID
6/1/2021	LE-0759	Sixt Rent a Car	Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Amendment to CFC Loan Language to address reduced CFC collection due to COVID
6/1/2021	LE-0657	Host International, Inc.	Temporary Rent Forebearance & Abatement Extension 3 Amendment	Terminals 1 & 2	Food/Beverage Operations	N/A	N/A	Response to COVID19 Pandemic
6/1/2021	LE-0658	Host International, Inc.	Temporary Rent Forebearance & Abatement Extension 3 Amendment	Terminals 1 & 2	Food/Beverage Operations	N/A	N/A	Response to COVID19 Pandemic

## Staff Report

**Meeting Date: July 1, 2021**

**Subject:**

**July 2021 Legislative Report**

**Recommendation:**

Adopt Resolution No. 2021-0067, approving the July 2021 Legislative Report.

**Background/Justification:**

The Authority's Legislative Advocacy Program Policy requires that staff present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. The Authority Board provides direction to staff on legislative issues by adoption of a monthly Legislative Report (Attachment A). The July 2021 Legislative Report updates Board members on legislative activities that have taken place since the previous Board meeting. In directing staff, the Authority Board may take a position on pending or proposed legislation that has been determined to have a potential impact on the Authority's operations and functions.

**Federal Legislative Action**

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

Negotiations on a comprehensive infrastructure package continue between the Biden Administration and Congressional leaders. President Biden proposed a \$2.3 trillion infrastructure and economic recovery plan in April, which included \$25 billion in funding for airport infrastructure projects.

Congressional leaders have informally started talks about spending levels for the upcoming fiscal year, which ends on September 30. The discussions follow the release of President Biden's \$6 trillion budget proposal, which includes funding for his infrastructure plan proposal, increased funding for education, universal preschool and free community college; and funding for federal agencies such as the Transportation Security Administration, Federal Aviation Administration, and Customs and Border Protection.

**State Legislative Action**

In cases where legislation requires an immediate response prior to a Board meeting, Authority Policy 1.60(5)(c) authorizes Authority staff, in consultation with the Board Chair, to advocate a position provided that staff has determined that action to be consistent with the Board's legislative agenda. In accordance with this policy, staff consulted with the Board Chair to adopt a SUPPORT position on SB 612 (Portantino) on June 22, 2021.

SB 612 would require the California Public Utilities Commission (CPUC) to require electric investor-owned utilities (IOUs) to offer to community choice aggregators (CCAs) and electric service providers (ESPs) an allocation of certain electrical resources paid for through exit fees of the departing load. The Airport Authority will be joining a new CCA, San Diego Community Power over the next few months

Governor Gavin Newsom signed an executive order in June officially ending the stay-at-home order and the color-coded tier system that guided California's economic reopening.

In addition, the Governor and the California Division of Occupation Safety and Health (CalOSHA) issued clarifying guidance on the State's mask mandate, which allows those who are vaccinated to remove facial coverings in most circumstances. While the new face covering rules apply to most activities, fully vaccinated and unvaccinated people are still required to wear facial coverings in airports and at transportation hubs, during travel (air travel and mass transit), at hospitals, prisons, homeless shelters, and while indoors at K-12 schools.

In June, California State Legislators passed one of the largest budgets in State history, which included a record \$75 billion surplus. Legislators now focus their attention on hearing the remaining legislative proposals of the 2021 legislative session. The last day for bills to pass the Legislature is September 10, and the Governor has until October 10 to sign or veto bills on his desk.

**Fiscal Impact:**

Not applicable.

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

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

## Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Application of Inclusionary Policies:

Not applicable.

## Prepared by:

Matt Harris  
Director, Government Relations



## **RESOLUTION NO. 2021-0067**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO  
COUNTY REGIONAL AIRPORT AUTHORITY,  
APPROVING THE JULY 2021 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** that the Board hereby approves the July 2021 Legislative Report (“Attachment A”); and

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

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

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

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1st day of July 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

---

AMY GONZALEZ  
GENERAL COUNSEL

**July 2021 Legislative Report**

**State Legislation**

**New Assembly Bills**

No new Assembly bills to report.

\*Shaded text represents new or updated legislative information

## **Assembly Bills from Previous Report**

### **Legislation/Topic**

**AB 55 (Boerner Horvath) Employment: telecommuting.**

### **Background/Summary**

AB 55 is a placeholder (spot bill) This bill would declare the intent of the Legislature to enact future legislation to ensure certain rights and benefits for telecommuting employees.

### **Anticipated Impact/Discussion**

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

**Status:** 12/7/20 – Introduced.

**Position:** Watch (1/7/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic**

**AB 72 (Petrie-Norris) Environmental protection: Natural Resources Agency: coastal adaptation projects: sea level rise: regulator permitting: report.**

**Background/Summary**

Existing law establishes the Natural Resources Agency. Existing law requires the agency, by July 1, 2017, and every 3 years thereafter, to update the state's climate adaptation strategy to identify vulnerabilities to climate change by sectors and priority actions needed to reduce the risks in those sectors. This bill would enact the Coastal Adaptation Permitting Act of 2021 and would require the agency to explore, and authorize it to implement, options within the agency's jurisdiction to establish a more coordinated and efficient regulatory review and permitting process for coastal adaptation projects, as defined. The bill would require the agency to submit, by July 1, 2023, a report to the Legislature with suggestions and recommendations for improving and expediting the regulatory review and permitting process for coastal adaptation projects.

**Anticipated Impact/Discussion**

If enacted, the Airport Authority's legislative team would work with the California Airports Council to identify any potential opportunities to engage with the agency on actions and recommendations that could impact California airports.

**Status:** 6/9/21 – This bill is in the Senate Natural Resources and Water Committee.

**Position:** Watch (1/7/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic**

**AB 302 (Ward) San Diego Metropolitan Transit Development Board: regulation of transportation and passenger jitney services.**

**Background/Summary**

AB 302 would expand to any city within the County of San Diego the authority of the board to enter into contracts to license or regulate transportation services and to regulate vehicle safety and driver qualifications for passenger jitney service.

On March 15, 2021, the bill was amended to replace “transportation service” to “for-hire vehicle services” and defines that term to mean vehicles, other than public transportation vehicles, transporting passengers over public streets for compensation.

**Anticipated Impact/Discussion**

By expanding the jurisdictions with which the Metropolitan Transit System (MTS) can contract to provide such regulatory services beyond MTS’s service area, this bill creates the potential for a centralized licensing and enforcement mechanism to regulate these services. This would create consistency and efficiency in the regulation practices and potentially reduce the number of regulatory agencies and costs operators experience to acquire operational permits. As currently drafted, this bill has no direct impact on San Diego International Airport or the Airport Authority and allows the Authority to continue to regulate on-airport commercial vehicles in the same way it does at present. The Authority’s legislative team will closely monitor the development of this bill language for any impact on SDIA and the Airport Authority.

**Status:** 5/12/21 – This bill is in the Senate Transportation Committee.

**Position:** Support (3/18/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic****AB 377 (Rivas) Water quality: impaired waters.****Background/Summary**

AB 377 requires, by January 1, 2025, the California State Water Resources Control Board and the Regional Water Quality Control Boards to evaluate impaired state surface waters and report to the Legislature a plan to bring all water segments into attainment by January 1, 2050. Requires, by January 1, 2023, the State Water Board and Regional Water Boards to prioritize enforcement of water quality standard violations that are causing or contributing to an exceedance of a water quality standard in a surface water of the state.

**Anticipated Impact/Discussion**

The Airport Authority's legislative team will work with the California Airports Council (CAC) to determine an industry-wide position and will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

**Status:** 4/21/21 – This bill is in the Assembly Appropriations Committee.

**Position:** Watch (5/6/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic****AB 426 (Bauer-Kahan) Toxic air contaminants.****Background/Summary**

Existing law authorizes local air pollution control districts and air quality management districts, in carrying out their responsibilities with respect to the attainment of state ambient air quality standards, to adopt and implement regulations that accomplish certain objectives.

This bill would additionally authorize the districts to adopt and implement regulations to require data regarding air pollution within the district's jurisdiction from area wide stationary sources of air pollution, including mobile sources drawn by those stationary sources, to enable the calculation of health risks from toxic air contaminants. This bill would additionally authorize the districts to adopt and implement regulations to accomplish these objectives in carrying out their responsibilities with respect to the reduction of health risks from toxic air contaminants.

**Anticipated Impact/Discussion**

The Airport Authority's legislative team will work with the California Airports Council (CAC) to determine an industry-wide position and will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

**Status:** 4/14/21 – This bill is in the Assembly Natural Resources Committee.

**Position:** Watch (3/4/21)

\*Shaded text represents new or updated legislative information



**Legislation/Topic**

**AB 513 (Bigelow) Employment: telecommuting employees.**

**Background/Summary**

AB 513 would authorize an employee working from home to receive legally required notices and postings electronically and sign certain documents electronically. The bill would also require that a working from home employee's wages due at the time of separation of employment be deemed to have been paid on the date that the wages are mailed to the employee.

**Anticipated Impact/Discussion**

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

**Status:** 3/18/21 – This bill was referred to the Assembly Labor and Employment Committee.

**Position:** Watch (3/4/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic****AB 538 (Muratsuchi) California Aerospace Commission: establishment.****Background/Summary**

AB 538 would establish, within the office, the California Aerospace Commission consisting of 15 members, as specified, to serve as a central point of contact for businesses engaged in the aerospace industry and to support the health and competitiveness of this industry in California. The bill would require the commission to make recommendations on legislative and administrative action that may be necessary or helpful to maintain or improve the state's aerospace industry and would authorize the commission to engage in various other activities in undertaking its mission and responsibilities, as specified.

**Anticipated Impact/Discussion**

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

**Status:** 6/9/21 – This bill is in the Senate Business, Professions and Economic Development Committee.

**Position:** Watch (3/4/21)

\*Shaded text represents new or updated legislative information

## **New Senate Bills**

### **Legislation/Topic**

#### **SB 612 (Portantino) Ratepayer Equity**

### **Background/Summary**

SB 612 requires electric investor-owned utilities (IOUs) to offer an allocation of certain electrical resources to other load-serving entities (LSEs), specifically, community choice aggregators (CCAs) and electric service providers (ESPs), that serve departing load customers who bear cost responsibility for those resources. These electrical resources include product attributes to comply with resource adequacy (RA), Renewable Portfolio Standard (RPS) program, and others.

### **Anticipated Impact/Discussion**

Over the next few months, the Airport Authority will be joining San Diego Community Power (SDCP), a new Community Choice Aggregation (CCA) program that serves customers within the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa, and San Diego. All CCAs are subject to a departing load charge from the Investor-Owned Utility (IOU) -- also known as a Power Charge Indifference Adjustment (PCIA) -- because San Diego Gas and Electric (SDG&E) originally purchased energy generation contracts to serve its customers. In theory, the PCIA makes SDG&E whole. However, SDCP will be subject to fluctuating PCIA costs on an annual basis and paying the departing load doesn't provide the CCA access to the generation contracts that will provide resource adequacy to its customers. SDCP aspires to keep rates competitive to SDG&E but paying the departing load charge (PCIA) without the assurance of getting access to SDG&E's long-term contracts is not in the best interest of SDCP's customers as the PCIA cost is passed on to customers. As one of those customers, the Airport Authority will be subject to a fluctuating PCIA on an annual basis, but that cost may be in addition to the cost the Authority will pay for 100% grid-delivered renewable electricity to power the airport campus.

**Status:** 6/10/21 – Referred to the Assembly Utilities and Energy Committee

**Position:** Support (6/22/21)

\*Shaded text represents new or updated legislative information

## **Senate Bills from Previous Report**

### **Legislation/Topic**

**SB 1 (Atkins) Coastal resources: sea level rise.**

### **Background/Summary**

This bill would also include, as part of the procedures that the California Coastal Commission is required to adopt, recommendations and guidelines for the identification, assessment, minimization, and mitigation of sea level rise within each local coastal program, as provided. The bill would delete the timeframe specified above by which the commission is required to adopt these procedures. The bill would require the commission to take into account the effects of sea level rise in coastal resource planning and management policies and activities, as provided. In addition, the bill would require state and regional agencies to identify, assess, and, to the extent feasible and consistent with their statutory authorities, minimize and mitigate the impacts of sea level rise. To the extent that a regional agency is a local public agency, this bill would impose a state-mandated local program.

This bill would create within state government the California Sea Level Rise State and Regional Support Collaborative and would require the collaborative to provide state and regional information to the public and support to local, regional, and other state agencies for the identification, assessment, and, where feasible, the mitigation of sea level rise. The bill would require, upon appropriation in the annual Budget Act, the collaborative to expend no more than \$100,000,000 annually from appropriate bond funds and other sources for the purpose of making grants to local governments to update local and regional land use plans to take into account sea level rise and for directly related investments to implement those plans, as provided. Existing law authorizes the Secretary for Environmental Protection to expend up to \$1,500,000 per year for the Environmental Justice Small Grant Program. This bill would instead authorize the secretary to expend up to \$2,000,000 per year for purposes of the grant program and would require up to \$500,000 of that money to be expended by the secretary for grants to organizations working to address and mitigate the effects of sea level rise in disadvantaged communities, as defined, impacted by sea level rise.

### **Anticipated Impact/Discussion**

If enacted, bonds and other sources of funding for the purposes of making grants to local governments could be used to help implement the Authority's goals and efforts to implement the Climate Resilience Plan and airport development plan mitigation efforts. The Authority's legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

\*Shaded text represents new or updated legislative information

**Status:** 5/28/21 – This bill is in the Assembly Natural Resources Committee.

**Position:** Watch (1/7/21)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **SB 37 (Cortese) Contaminated Site Cleanup and Safety Act.**

## **Background/Summary**

Existing law requires the Department of Toxic Substances Control to compile a list of specified information, including, but not limited to, hazardous waste facilities where the department took, or contracted for the taking of, corrective action to remedy or prevent, for example, an imminent substantial danger to public health. Existing law requires the State Department of Health Care Services to compile a list of all public drinking water wells that contain detectable levels of organic contaminants and that are subject to water analysis by local health officers.

This bill would enact the Dominic Cortese “Cortese List” Act of 2021 and would recodify the above-described provisions with certain revisions. The bill would require the Department of Toxic Substances Control to also list hazardous waste facilities where the department issued an order for corrective action after determining that there is or has been a release of hazardous waste or constituents into the environment from a facility. The bill would require the State Water Resources Control Board, instead of the State Department of Health Care Services, to compile and update a list of all public drinking water wells that contain detectable levels of organic contaminants and that are subject to water analysis by local health officers. The bill would require the Secretary for Environmental Protection to post the information on the California Environmental Protection Agency’s internet website.

On March 11, 2021, SB 37 was amended to replace “Dominic Cortese “Cortese List” Act of 2021” to “Hazardous Waste Site Cleanup and Safety Act.”

On April 13, 2021, SB 37 was amended to remove the requirement that the Department of Toxic Substances Control to also list hazardous waste facilities where the department issued an order for corrective action after determining that there is or has been a release of hazardous waste or constituents into the environment from a facility. The amendments also remove the requirement that the State Water Resources Control Board, instead of the State Department of Health Care Services, to compile and update a list of all public drinking water wells that contain detectable levels of organic contaminants and that are subject to water analysis by local health officers.

The April 13, 2021 amendments require the Secretary for Environmental Protection to post the list or links to the information on the California Environmental Protection Agency’s internet website of all solid waste disposal facilities from which there is a known migration of hazardous waste.

\*Shaded text represents new or updated legislative information

**Anticipated Impact/Discussion**

SB 37 could have an impact on San Diego International Airport (SDIA) as airports are federally mandated to store certain chemicals, including perfluoroalkyl and polyfluoroalkyl (PFAS) for firefighting purposes. The Airport Authority's legislative team will work with the California Airports Council (CAC) to determine an industry wide position, if applicable, and will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

**Status:** 6/10/21 – This bill is currently in the Environmental Safety and Toxic Materials Committee.

**Position:** Watch (1/7/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic**

**SB 46 (Stern) American Rescue Plan Act funds: federal recovery funds: funded projects.**

**Background/Summary**

This bill would state the intent of the Legislature to enact legislation that would require an employer to develop and implement contact tracing and safety policies for its employees, including requiring notice to the employer when an employee receives a positive COVID-19 test.

On March 10, 2021, this bill was amended to require a state agency that receives and disburses American Rescue Plan funds or other federal recovery funds, to the extent authorized by federal law, to consider projects' potential impact on specified goals, including, among other things, restoring frontline communities and rapidly accelerating achievement of environmental justice and climate goals, including, but not limited to, climate, environmental, and biodiversity protection and stimulating growth.

**Anticipated Impact/Discussion**

Although this legislation in its newly amended form is not expected to have a direct impact on the Airport Authority or San Diego International Airport (SDIA), the Airport Authority's legislative team will continue to monitor as it moves through the legislative process.

**Status:** 3/18/21 – Referred to the Assembly Government Organization and Labor, Public Employment, and Retirement Committees.

**Position:** Watch (1/7/21)

\*Shaded text represents new or updated legislative information



**Legislation/Topic****SB 285 (McGuire) California Tourism Recovery Act.****Background/Summary**

SB 285 would require the California Travel and Tourism Commission to, upon a determination by the Department of Public Health that it is safe to resume travel in California, implement a strategic media and jobs recovery campaign known as the “Calling All Californians” program for the purpose of reversing the impact of the COVID-19 pandemic on the travel and tourism industry in California, as specified. The bill would require the commission to report to the Legislature, on or before January 1, 2024, regarding the cost of the program and the impact of the program on the tourism industry in California. The bill would require, only upon appropriation by the Legislature, the Controller to transfer \$45,000,000 to the commission for the purpose of implementing the “Calling all Californians” program.

**Anticipated Impact/Discussion**

California’s travel industry is one of the largest economic drivers for the state. Domestic and international travelers spend an estimated \$145 billion annually at California businesses, generating \$12.3 billion in state and local tax revenues. International travelers spent \$28.1 billion in California in 2019, making travel the state’s largest export. This bill would provide necessary funding to promote the State and the San Diego region to in-state and out-of-state travelers, benefiting operations at San Diego International Airport (SDIA) and the regional economy.

**Status:** 5/28/21 – This bill was ordered to the Senate Inactive File at the request of Senator McGuire.

**Position:** Support (3/16/21)

\*Shaded text represents new or updated legislative information

## **Federal Legislation**

### **New House Bills**

There are no new House bills to report.

\*Shaded text represents new or updated legislative information

**Legislation/Topic****H.R. 741 (Brownley) Sustainable Aviation Fuel Act.****Background/Summary**

This bill would establish a national goal for the U.S. aviation sector to achieve a net 35% reduction in GHG emissions by 2035 and net zero emissions by 2050. The bill authorizes \$1 billion over five years, in competitive grants and costing sharing agreements to carry out projects in the U.S. to produce, transport, blend or store sustainable aviation fuel (SAF). The bill also requires EPA to establish an aviation-only Low Carbon Fuel Standard (LCFS) that regulates aviation fuel producers and importers.

**Anticipated Impact/Discussion**

San Diego International Airport has partnered with airports, airlines, sustainable aviation fuel producers and other stakeholders to find ways to reduce greenhouse gas emissions in the aviation sector. The Authority's legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 2/4/21 – Introduced.

Position: Watch (4/1/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic****H.R. 1813 (DeFazio) Funding for Aviation Screeners and Threat Elimination Restoration (FASTER) Act.****Background/Summary**

In 2013, Congress began diverting one-third of the revenue collected from airline passenger security fees to be deposited into the general fund of the U.S. Treasury. This diversion has caused the Transportation Security Administration (TSA) to forgo an estimated \$19 billion in these fees. H.R. 1813 would repeal the requirement to divert funds and ensure that passenger security fees are used for aviation security purposes. H.R. 1813 would also provide TSA access to September 11 Security Fee revenue in the event of a lapse in appropriations. This means that, in the event of another government shutdown, TSA would be able to continue paying its officers.

**Anticipated Impact/Discussion**

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

Status: 3/11/21 – Introduced.

Position: Support (4/1/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic****H.R. 2719 (Blumenauer) Rebuilding America's Airport Infrastructure Act.****Background/Summary**

This bill would incrementally increase the Passenger Facility Charge (PFC) cap by \$1.00 annually starting in 2023, until it reaches a level of \$8.50 in 2026. Thereafter, the PFC cap would be adjusted annually for inflation.

**Anticipated Impact/Discussion**

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

Status: 4/22/21 – Introduced.

Position: Support (6/3/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic****H.R. 3340 (Garamendi) The TIFIA Airport Act.****Background/Summary**

H.R. 3340 would expand Transportation Infrastructure Finance and Innovation Act (TIFIA) eligibility to airports. As of the end of Fiscal Year 2019, approximately \$1.88 billion of federal financing is available. Privately owned airports or general aviation airport projects are not eligible.

**Anticipated Impact/Discussion**

H.R. 3340 would provide an additional low-interest federal funding option for airport projects, including the Airport Authority's Airport Development Plan (ADP) and other capital projects. These projects stimulate local economic growth that is desperately needed post-COVID-19 pandemic. The Legislative team is monitoring the status of this bill and working with industry partners and associations to support this measure any for any additional sources of airport funding and resources.

Status: 5/20/21 – Referred to the Subcommittee on Highways and Transit.

Position: Support (6/3/21)

\*Shaded text represents new or updated legislative information

### **New Senate Bills**

There are no new Senate bills to report.

\*Shaded text represents new or updated legislative information

**Legislation/Topic****S. 303 (Blumenthal) Essential Transportation Employee Safety Act of 2021.****Background/Summary**

This bill would require the Secretary of Transportation to work with the Centers for Disease Control and Prevention (CDC) and the Federal Emergency Management Agency (FEMA) to support the efforts of state and local governments to provide for priority testing of transportation workers. The bill would also implement personal protective equipment and cleaning, disinfection, and sanitization requirements for owners and operators of equipment or facilities used by certain transportation employers, including airports. The bill would also codify the mask mandate Executive Order requiring face mask usage in airports, on airplanes, as well as on other forms of public transportation for the duration of the pandemic.

**Anticipated Impact/Discussion**

As critical infrastructure to the San Diego Region, airport employees have continuously served travelers throughout the COVID-19 pandemic. This bill would ensure basic health safety measures, such as mask wearing, would continue through the duration of the pandemic.

**Status:** 2/8/21 – Introduced.

**Position:** Watch (3/4/21)

\*Shaded text represents new or updated legislative information



**Legislation/Topic****S. 479 (Wicker) Lifting Our Communities through Advance Liquidity for Infrastructure (LOCAL Infrastructure) Act****Background/Summary**

States and local governments issue debt as municipal bonds, specifically to fund and support infrastructure and other capital improvement projects. Bonds are usually federally tax-exempt and when interest rates drop, states and local governments oftentimes opt to refinance bonds at a lower rate and therefore allow them to save money. Advance refunding is a mechanism that allows states and local governments to save a substantial amount of capital but was repealed in the 2017 Tax Cuts and Jobs Act.

Specifically, S. 479 amends Section 149(d) of the Tax Code to restore advance funding and make capital available for use by states and local governments. As a result of this legislation, states and local governments would be able to access advance funding and refinance municipal bonds in a way that allows for more favorable rates, similar to refinancing one's mortgage at a lower interest rate. Statistics show that advance refunding has allowed states and local governments to save billions, but the mechanism has not been available to them since January 2018.

**Anticipated Impact/Discussion**

S. 479 would provide the Airport Authority additional flexibility to refinance existing debt and potentially achieve significant interest savings if an advance refunding is executed due to the ability to refund with tax-exempt rather than taxable debt.

**Status:** 2/25/21 – Introduced.

**Position:** Support (4/1/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic**

**S. 1715 (Duckworth) Transportation Infrastructure Finance and Innovation Act (TIFIA) for Airports.**

**Background/Summary**

S. 1715 would allow eligible airport-related projects to participate in the TIFIA program which provides credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to projects of national or regional significance.

**Anticipated Impact/Discussion**

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

Status: 5/19/21 – Referred to the Committee on Environment and Public Works.

Position: Support (6/3/21)

\*Shaded text represents new or updated legislative information

## Staff Report

**Meeting Date: July 1, 2021**

**Subject:**

**Annual Review and Notification of Board Member Weighted Vote Point Allocation as Required by Section 170014 of the California Public Utilities Code**

**Recommendation:**

Adopt Resolution No. 2021-0068, accepting the Board Member Weighted Vote Point Allocation as required by Section 170014 of the California Public Utilities Code.

**Background/Justification:**

Section 170014 of the California Public Utilities Code and Authority Policy 1.30(12)(b)(3) require that the allocation of vote points shall be made annually by the Board, based upon the population calculations made by the San Diego Association of Governments (SANDAG).

Adoption of an ordinance, resolution, or motion requires both a numerical majority vote and a weighted majority vote of the total voting membership of the Board.

NUMERICAL MAJORITY (TALLY VOTE)

A numerical majority requires an affirmative vote of at least five members of the voting membership of the Board.

WEIGHTED MAJORITY (WEIGHTED VOTE)

A weighted majority requires an affirmative vote of Board Members controlling at least 51 of a total of 100 vote points that are allocated among the Board Members.

No jurisdiction may be allocated more than 40 vote points or less than one vote point. There are no fractional vote points. The allocation of vote points is to be made annually by the Board based upon the population calculations made by the SANDAG. The vote points for the City of San Diego are to be divided as equally as possible among its three Board Members (presently 13, 13 and 14 respectively). The Mayor of the City of San Diego makes the determination which City representative is assigned each vote point allocation. The vote points for the County of San Diego are to be divided as equally as possible (presently 8 and 8 respectively) and are allocated by the Chair of the County Board of Supervisors.

When the vote points are determined, they are assigned to individual Board Members.

In accordance with California Public Utilities Code 170014 and Authority Policy 1.30(12)(b)(3) and using the 2020 population calculations made by SANDAG, the weighted vote point allocations beginning July 2, 2021 are as follows:

City of San Diego	Johanna Schiavoni	14 points
City of San Diego	Gil Cabrera	13 points
City of San Diego	Marni von Wilpert	13 points
North County Coastal	Catherine Blakespear	12 points
North County Inland	Paul McNamara	12 points
South County	Mary Casillas Salas	12 points
East County	Robert T. Lloyd	8 points
County of San Diego	Nora Vargas	8 points
County of San Diego	Paul Robinson	8 points

**Fiscal Impact:**

Not applicable.

**Authority Strategies/Focus Areas:**

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

**Strategies**

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

**Focus Areas**

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

**Environmental Review:**

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

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

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

**Application of Inclusionary Policies:**

No applicable.

**Prepared by:**

Tony R. Russell  
Director, Board Services/Authority Clerk

## RESOLUTION NO. 2021-0068

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, ACCEPTING THE BOARD MEMBER WEIGHTED VOTE POINT ALLOCATION AS REQUIRED BY SECTION 170014 OF THE CALIFORNIA PUBLIC UTILITIES CODE

**WHEREAS**, Section 170014 of the California Public Utilities Code and Authority Policy 1.30(12)(b)(3) require that the allocation of vote points shall be calculated annually by the San Diego County Regional Airport Authority Board, based upon the population calculations made by the San Diego Association of Governments ("SANDAG"); and

**WHEREAS**, a weighted majority requires an affirmative vote of Board Members controlling at least 51 of a total 100 vote points that are allocated amongst the Board Members; and

**WHEREAS**, in accordance with Section 170014 of the California Public Utilities Code and Authority Policy 1.30(12)(b)(3), and using the 2020 population calculations provided by SANDAG, the weighted vote point allocations for the period beginning July 2, 2021 are as follows:

City of San Diego	Johanna Schiavoni	14 points
City of San Diego	Gil Cabrera	13 points
City of San Diego	Marni von Wilpert	13 points
North County Coastal	Catherine Blakespear	12 points
North County Inland	Paul McNamara	12 points
South County	Mary Casillas Salas	12 points
East County	Robert T. Lloyd	8 points
County of San Diego	Nora Vargas	8 points
County of San Diego	Paul Robinson	8 points

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** accepts the Board Member Weighted Vote Point Allocation as required by Section 170014 of the California Public Utilities Code and directs that these weighted vote point allocations be implemented beginning July 2, 2021; and

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

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

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

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1<sup>st</sup> day of July, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

Meeting Date: July 1, 2021

### Subject:

### Approve Appointments to the Arts Advisory Committee

#### Recommendation:

Adopt Resolution No. 2021-0069, approving the appointment of Jerome Fontamillas, Robert Gleason, and Ethan van Thillo to the Arts Advisory Committee

#### Background/Justification:

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

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

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

- The Chair of the Board shall appoint one Board Representative to serve as a voting member of the AAC
- The President/CEO shall recommend six individuals who are Arts and Design Professionals to serve as voting members of the AAC, subject to appointment by the Board
- The President/CEO shall review interested candidates' qualifications and make recommendations to the Board as follows:



- Solicit and review qualifications submitted by AAC, staff and interested professionals in the field of design, visual art, performing arts, and literary arts annually or as needed
- Conduct interviews as needed

Terms of membership are defined as follows:

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

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## APPOINTMENT OF JEROME FONTAMILLAS, ROBERT GLEASON, ETHAN VAN THILLO

The President/CEO recommends that Jerome Fontamillas be appointed to the AAC as one of the six voting members who are Arts and Design Professionals. Mr. Fontamillas is actively involved in the performing arts and would fill the seat currently vacant. The seat was previously held by Kate Nordstrum, who completed one term and is unavailable to serve a second consecutive term. Mr. Fontamillas also fulfills the Policy 8.50 criteria of being a practicing artist and of residing outside of San Diego County. Appointment would be from July 2021 – June 2023.

The President/CEO recommends that Robert Gleason be appointed to the AAC as one of the six voting members who are Arts and Design Professionals. The seat is currently vacant and was previously held by Larry Baza, who completed a partial term due to his passing. Therefore, Mr. Gleason's appointment would be from July 2021 – June 2022. Mr. Gleason would be eligible for appointment of up to two additional consecutive terms following this term, if so approved by the Board at a future date.

The President/CEO recommends that Ethan van Thillo be appointed to the AAC as one of the six voting members who are Arts and Design Professionals. The seat is currently vacant and was previously held by Gail Roberts, who has completed two consecutive terms and is therefore ineligible for reappointment. Mr. van Thillo also fulfills the Policy 8.50 criteria of being a practicing artist. Appointment would be from July 2021 – June 2023.

Jerome Fontamillas was born in Pasay in the Philippines. When he was three years old, his family moved to the United States, where they lived in Chicago and then California, where he began to study music. Fontamillas is now a fulltime musician notable for his early work with industrial rock band Mortal and alternative rock band Fold Zandura. Since 2003, he

has performed keyboards, guitar, and backing vocals as an official member of the Grammy-winning band SWITCHFOOT, with which he has released eight studio albums. Through their BRO-AM initiative and foundation, Fontamillas and SWITCHFOOT have helped raise over \$1 million in support of local partner organizations in the San Diego region focused on two priorities: 1. Physical and Community wellbeing – through food, shelter, health, belonging, connecting. 2. Opportunity and Empowerment – through music, art, surfing and education. In 2017, Fontamillas was a key facilitator of SAN's partnership event and exhibition with SWITCHFOOT and the Arts Program.

Robert Gleason is the President and CEO at San Diego-based Evans Hotels and has held numerous leadership roles in organizations related to hospitality, equality, and the arts. These include vice chair of the Old Globe, Chair of the City of San Diego Commission for Arts & Culture, chair of the San Diego County Regional Airport Authority, and a director of the San Diego Convention Center Corporation. In the LGBTQ community, Gleason is the founding supervising attorney for the name and gender-marker change legal clinic at the San Diego LGBT Community Center, founding co-chair of the Patient and Family Advisory Council at Rady Children's Hospital's Center for Gender-Affirming Care, and a founding co-chair of the Harvey Milk Diversity Breakfast. Previously, he was chair of the San Diego LGBT Community Center, chair of the San Diego LGBT Community Leadership Council and vice chair of the LGBTQ Victory Fund. Gleason currently serves on the Airport Arts Advisory Committee as Board Representative. Pursuant to Authority Policy 8.50, Johanna Schiavoni will replace Mr. Gleason as the Board Representative on the AAC with a term to begin in July, 2021.

Ethan van Thillo is Founder and Executive Director of the Media Arts Center San Diego (MACSD). Since 1989, he has programmed Latino film festivals for the University of California Santa Cruz, Cine Acción in San Francisco, Cine Estudiantil at the University of California San Diego, and the National Latino Communications Center in Los Angeles. Van Thillo has curated hundreds of programs at festivals and/or special events in 45 libraries across California, Mexico City, Morelia, Las Cruces, Nuevo Laredo, San Antonio, Tijuana, Sacramento, and San Diego. Under the umbrella of MACSD, he has developed and continues to create innovative community media programs such as the California Digital Story Station initiative, Teen Producers Project, Youth Media & Tech Camps, Mobile Stories, Speak City Heights, The People's Post, Video Production Services Department, and the Digital Gym community technology center and CINEMA. Ethan has served on various funding panels including San Diego's Commission for Arts & Culture, Latino Public Broadcasting, Rockefeller Foundation's 2004 Film and Video Fellowships, the California Arts Council, and the National Endowment for the Arts' funding panel for Media Arts. Van Thillo has been a speaker at the National Association of Latino Independent Producers, National Association of Latino Arts & Culture, and National Alliance of Media Arts & Culture.

**Fiscal Impact:**

No fiscal impact.

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

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

### Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

### Application of Inclusionary Policies:

Not applicable.

### Prepared by:

Chris Chalupsky  
Senior Manager, Arts Program

## **RESOLUTION NO. 2021-0069**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING THE APPOINTMENT OF JEROME FONTAMILLAS, ROBERT GLEASON, AND ETHAN VAN THILLO TO THE ARTS ADVISORY COMMITTEE

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

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

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

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

**WHEREAS**, six voting members shall be arts or design professionals, subject to appointment by the Board; and

**WHEREAS**, several seats on the AAC have currently become vacant and it is in the best in interest of the Authority to fill these vacant seats; and

**WHEREAS**, Jerome Fontamillas qualifies as one of the six arts/design professionals who is actively involved in the performing arts, qualifies as a practicing artist, and who also resides outside of San Diego County; and

**WHEREAS**, Robert Gleason qualifies as one of the six arts/design professionals, and who qualifies for a partial term in replacement of Larry Baza; and

**WHEREAS**, Ethan van Thillo qualifies as one of the six arts/design professionals, and who qualifies as practicing artist.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves the appointment of Jerome Fontamillas, Robert Gleason, and Ethan van Thillo to serve on the Arts Advisory Committee for the terms indicated on "Attachment A."

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

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

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

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1st day of July 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

### Arts Advisory Committee

Current Committee Members	Total length of Term	Beginning of Term	End of Term
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Cristina Scorza Arts/Design Professional (Chair)	3 Years (2 <sup>nd</sup> Term)	July 1, 2020	June 30, 2023
Jennifer Easton Arts/Design Professional (Outside San Diego County Resident)	3 Years ( 2 <sup>nd</sup> Term)	July 1, 2020	June 30, 2023
Ethan van Thillo Arts/Design Professional (Practicing Artist - Film)	3 years (1 <sup>st</sup> Term)	July 1, 2021	June 30, 2023
Jerome Fontamillas Arts/Design Professional (Outside San Diego County Resident/ Involved in Performing Arts/ Practicing Artist)	3 years (1 <sup>st</sup> Term)	July 1, 2021	June 30, 2023
Carmen Vann Arts/Design, Professional (Active in Building Design & Architecture or Operational Engineering) (Vice-Chair)	3 years (1 <sup>st</sup> Term)	July 1, 2019	June 30, 2022
Robert Gleason Arts/Design Professional	3 years  (1 <sup>st</sup> Term - Partial)	July 1, 2021	June 30, 2022
(Vacant) Authority Board Representative	At Board Chair's discretion	n/a	n/a
Bob Bolton – Authority Staff (Ex-Officio Member)	At President/CEO's discretion	n/a	n/a
Rick Belliotti – Authority Staff (Ex-Officio Member)	At President/CEO's discretion	n/a	n/a

## Staff Report

Meeting Date: July 1, 2021

### Subject:

**Approve and Authorize the President/CEO to extend the rent forbearance and abatement program to provide rent abatement to qualifying non-airline tenants for an additional temporary period not to exceed three months, as a result of the continued impact of the COVID-19 pandemic**

### Recommendation:

Adopt Resolution No. 2021-0070, approving and authorizing the President/CEO to execute the required agreements to extend the Authority's temporary rent forbearance and abatement program to temporarily reduce rental obligations of qualifying non-airline tenants at the Airport, by providing abatement of monthly minimum annual guarantee (MAG) payments for a period not to exceed three (3) months beginning July 1, 2021 and ending September 30, 2021, in response to the continued impact of the COVID-19 pandemic crisis.

### Background/Justification:

On May 7, 2020, the Board adopted Resolution No. 2020-0057, authorizing staff to execute the required documents to provide abatement of certain rents and fees to qualifying non-airline tenants for a period beginning April 1, 2020 and ending September 30, 2020. Following the Board action, staff drafted a program application form and Temporary Rent Forbearance and Abatement Amendment ("Amendment") which addressed all requirements of the May 7, 2020 Board action. As a result, qualifying tenants who executed the Amendment with the San Diego County Regional Airport Authority ("Authority") and were or became current on payments which remained due to the Authority, benefitted from waiver of applicable rents and fees for the original six-month abatement period.

On October 26, 2020, the Board adopted Resolution No. 2020-0099, authorizing staff to execute the required documents to provide an abatement extension of certain rents and fees to qualifying non-airline tenants for a period beginning October 1, 2020 and ending December 31, 2020. Following the Board action, staff drafted a Temporary Rent Forbearance and Abatement Amendment Extension 1 ("Amendment 1") which addressed



all requirements of the October 26, 2020 Board action. As a result, qualifying tenants who executed the Amendment 1 with the Authority and were or became current on payments which remain due to the Authority, benefitted from waiver of applicable rents and fees for the first abatement extension period.

On January 7, 2021, the Board adopted Resolution No. 2021-0002, authorizing staff to execute the required documents to provide an abatement extension of certain rents and fees to qualifying non-airline tenants for a period beginning January 1, 2021 and ending March 31, 2021. Following the Board action, staff drafted a Temporary Rent Forbearance and Abatement Amendment Extension 2 ("Amendment 2") which addressed all requirements of the January 7, 2021 Board action. As a result, qualifying tenants who executed the Amendment 2 with the Authority and were or became current on payments which remain due to the Authority, benefitted from waiver of applicable rents and fees for the second abatement extension period.

On April 1, 2021, the Board adopted Resolution No. 2021-0028, authorizing staff to execute the required documents to provide an abatement extension of certain rents and fees to qualifying non-airline tenants for a period beginning April 1, 2021 and ending June 30, 2021. Following the Board action, staff drafted a Temporary Rent Forbearance and Abatement Amendment Extension 3 ("Amendment 3") which addressed all requirements of the April 1, 2021 Board action. As a result, qualifying tenants who have executed the Amendment 3 with the Authority and are current on payments which remain due to the Authority, will benefit from waiver of applicable rents and fees for the third abatement extension period.

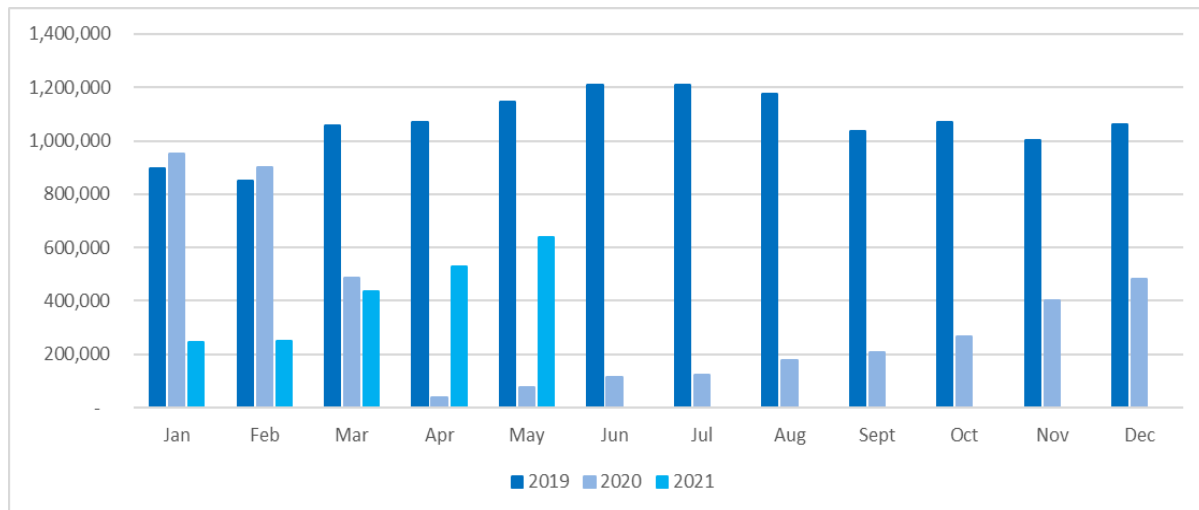
Since the April 1, 2021 Board action, tenants continue to suffer significant financial hardship due to the impacts of the novel coronavirus ("COVID-19"), which has resulted in severe and prolonged disruption to domestic and international air travel, including air travel to and from San Diego International Airport ("Airport"). The State of Emergency proclaimed by Governor Newsom on March 4, 2020, persisted, and all individuals in the State of California were under an Executive Order (most recently, EO N-84-20, December 14, 2020), and Public Health Orders by the California Department of Public Health (updated December 6, 2020), and San Diego County (updated December 9, 2020), requiring individuals to stay at home except for permitted work, local shopping, and other authorized activities. Within the State of California's four-stage framework to gradually re-open businesses and spaces, as of December 8, 2020, San Diego County was classified as "Tier 1 – Widespread", which permits, for example, retail business to be open at 20% capacity, and does not allow any indoor seating at restaurants. On December 3, 2020, Governor Newsom divided the state into 5 regions with San Diego County being included in the Southern California region and announced a regional stay-at-home order if the region's ICU capacity falls to 15% and would be in effect for three weeks. Due to ICU capacities in the Southern California region, on December 6, 2020, a regional stay-at-home order went into effect. This stay-at-home order forced closure of many business and prohibited

gatherings of people from different households. On January 25, 2021, the regional stay at home order was lifted but San Diego County remained in the purple tier, which allowed resumption of outdoor dining, as well as some services such as gyms, barber shops and nail salons. On March 16, 2021, San Diego County moved into the less restrictive red tier but significant limitations on commercial and social activities remained in place. On June 9, 2021, San Diego County moved into the less restrictive yellow tier and then on June 15, 2021, California reopened the economy, which means all businesses, and activities could return to normal, except for "Mega Events". Even though the State and County have reduced their restrictions, the airport remains under the more restrictive TSA guidelines, which include the wearing of facemasks and maintaining social distancing through September 13, 2021.

Although the Airport is identified as an Essential Critical Infrastructure under the Transportation System Sector, and the Airport remains open, passenger levels continue to slowly show signs of recovery but still demonstrate a significant negative trend over Pre-COVID-19 passenger levels. This severe decline in passenger traffic has nearly eliminated the ability of non-airline tenants to produce revenues which support and enable payment of rental obligations to the Authority. This severe reduction of revenue is consistent across all non-airline tenants, including retail and food & beverage concessions, passenger service concessions, and inflight services (collectively, "Non-Airline Tenants").

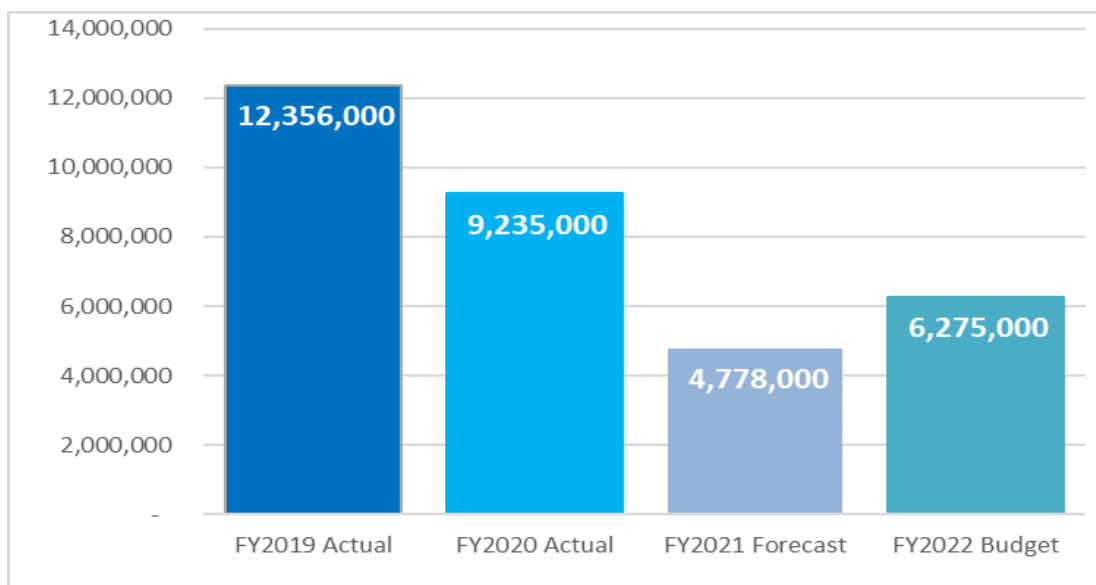
Following a sharp decline beginning in March and April 2020, passenger traffic levels have improved each month; however, current enplanement levels (April 2021) remain approximately 40% lower when compared to the same time period in 2019. Looking ahead, enplanements are expected to slowly recover as the U.S. economy reopens, however, not to the levels demonstrated prior to the pandemic. Projected enplanements for the July 2021 through September 2021 timeframe are anticipated to trend below previous years, and total enplanements for fiscal year 2021 are expected to be well below those of fiscal year 2019.

## Enplanements: January 2019 to May 2021



Source: SDCRAA, Finance & Risk Management Department

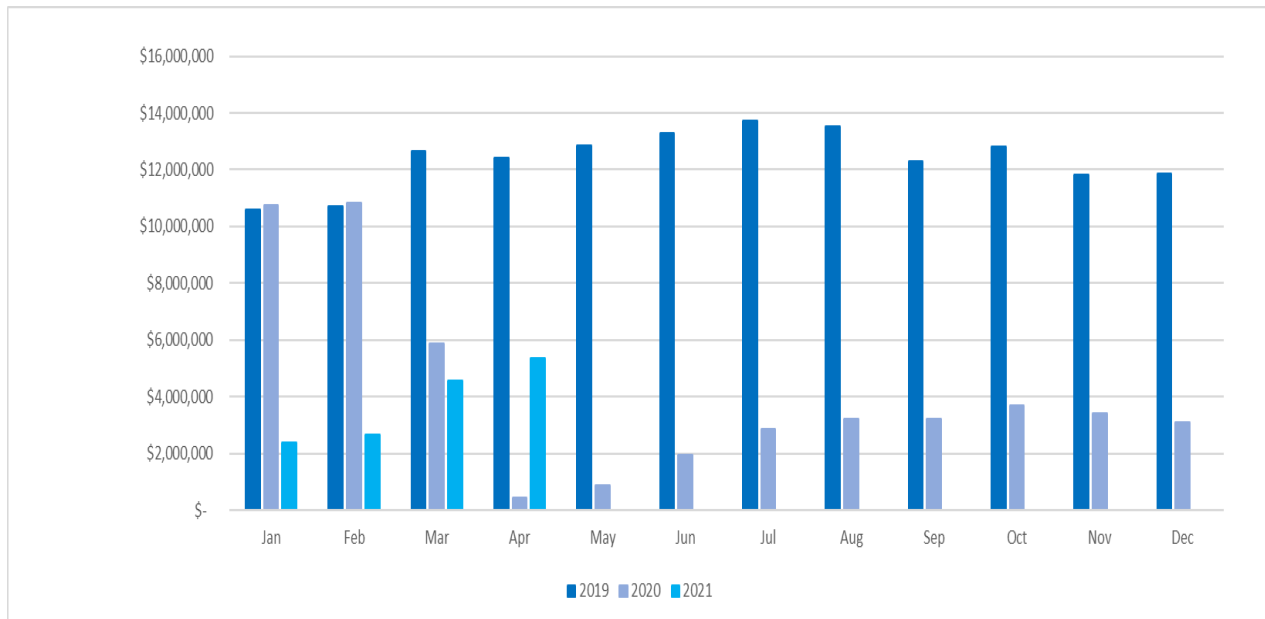
## Enplanements: Forecast



Source: TSA and SDCRAA Finance & Risk Management Department

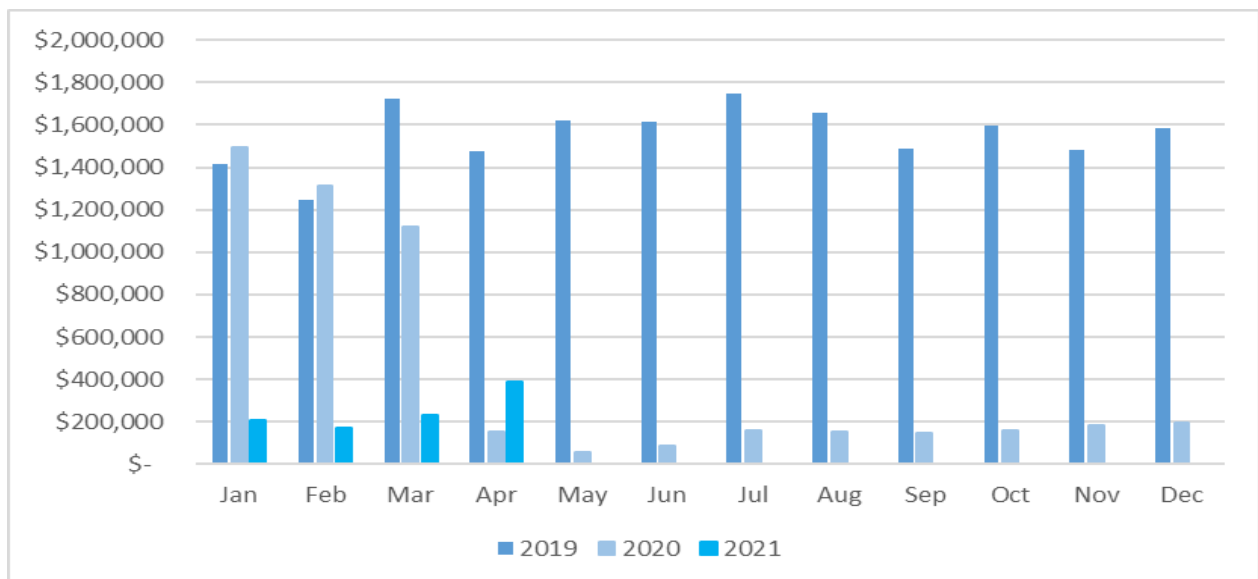
The reduced enplanements continue to be matched with reduced sales for all Non-Airline Tenants. Heading into the third quarter of calendar year 2021, many of the Airport's Non-Airline Tenants continue to operate under reduced hours of operation; some locations remain temporarily closed (30 of 85 concessions are closed); and many tenants continue to submit requests to the Authority for additional financial relief.

## SAN Monthly Concessions Sales: January 2020 to April 2021



Source: SDCRAA, Finance & Risk Management Department

## SAN Inflight Services Gross Revenue: January 2020 to April 2021



Source: SDCRAA, Finance & Risk Management Department

Proposed Rent Abatement

To address the continued impact of COVID-19, staff is proposing a financial relief offering for a three-month period beginning July 1, 2021 and ending September 30, 2021 ("*Rent Abatement Period – Extension 4*"). Extension of the program ("*Rent Forbearance and Abatement Program Extension 4*") provides significant relief of rents. The proposed offerings are similar to those previously approved for the three-month period of April 1, 2021 and ending June 30, 2021.

For most Non-Airline Tenants, rent is one of the largest operating expenses, along with cost of goods sold, and salaries and benefits. Due to the continued significant reduction in passenger traffic, Non-Airline Tenants with fixed minimum monthly obligations will not have the level of revenues necessary to support sustained payment of these minimum rental payments to the Authority for the foreseeable future, until air travel returns to pre-COVID-19 levels. Without the *Rent Forbearance and Abatement Program Extension 4*, it is unlikely that many Non-Airline Tenants will be able to resume normal operations once passenger traffic levels resume to typical levels prior to the COVID-19 pandemic. Staff believes it is in the best interests of the Authority and the travelling public who rely upon these goods and services to offer a *Rent Forbearance and Abatement Program Extension 4* for the proposed *Rent Abatement Period – Extension 4*, to provide additional yet temporary financial relief to its Non-Airline Tenants so that they may remain financially resilient and stay open where possible. This will best position the Airport to resume normal operations as passenger levels increase, protect the Authority's future revenues, and ensure the needs of the travelling public are met and the passenger experience at SAN does not suffer.

Furthermore, the Authority's proposed *Rent Forbearance and Abatement Program Extension 4* will help ensure that the Authority remains competitive for solicitation of these essential services in the future.

While on-airport rental car companies were included in *Rent Forbearance and Abatement Program* amendments during the April 2020 to June 2021 period, they have not been included in this *Rent Abatement Period – Extension 4*, due to a unique provision in each rental car company's concession agreement. Every five years, the first instance occurring July 1, 2021, monthly MAG is adjusted by the amount that is the greater of: (i) 85% of the prior period's concession fees (percentage fee) payable to the Authority for the prior period (April 2020-March 2021); or, (2) the MAG decreased by the percentage decrease in deplanements from the peak period to the immediate prior period. As a result of this lease provision, the monthly MAG for each on-airport rental car company has already been significantly reduced for FY 2022.

### FAA Guidance on COVID-19 Accommodations

Guidance issued by the Federal Aviation Administration (“FAA”) on April 4, 2020, provided the context for offering the original Rent Forbearance and Abatement Program to Authority tenants whose business has temporarily declined or have been materially altered due to COVID-19. The Authority’s desire to offer the Rent Abatement Program for the initial six-month period approved by the Board on May 7, 2020, the subsequent extensions approved on October 26, 2020, January 7, 2021, April 1, 2021, and the additional three-month period being contemplated in this staff report, are intended to counteract the unforeseen dramatic enplanement declines brought on by COVID-19, recognizing that sales revenues to support such rents simply cannot be generated in this dire circumstance. In preparation for the May 7, 2020 Board meeting, and in accordance with FAA guidance, Authority Staff reviewed Grant Assurance 22, which pertains to economic nondiscrimination, and Grant Assurance 24, which states that a fee and rental structure must be maintained for airport facilities and services such that the airport will be as self-sustaining as possible. The FAA updated its guidance for airports on May 29, 2020 and in December 2020, but did not materially change the provisions applicable to the proposed program. Staff believes that the proposed *Rent Forbearance and Abatement Program Extension 4* complies with both grant assurances and that the Authority has otherwise complied with the FAA guidance cited above.

### In-Terminal Concessions

Within the Airport terminals, tenants in the retail, food and beverage, passenger service, and in-terminal advertising categories operate under a non-exclusive concession lease (“Concession Lease”). Under the Concession Lease, concessionaires are required to pay the greater of a MAG or a certain percentage of gross receipts. The amount of the MAG is adjusted annually on July 1<sup>st</sup> to an amount equal to the greater of 90% of revenue paid to the Authority in the prior fiscal year, or 103% of the previous years’ MAG. There are also a select few passenger service tenants that pay fixed-fee rents. Most concessionaires also pay for their pro rata share of variable concessionaire charges, for services including but not limited to janitorial services, trash collection, pest control, and fees for use of the Authority’s receiving and distribution center (“RDC”). In addition, many concessionaires pay rent for support space.

For in-terminal concessions, Authority Staff recommends the following<sup>1</sup> as part of the *Rent Forbearance and Abatement Program Extension 4*, where applicable to each tenant, for the

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<sup>1</sup> As with the original abatement amendments, the Authority is proposing to place the specific amounts indicated into conditional forbearance until the end of the Rent Abatement Period – Extension 4. Waiver of the amounts in forbearance would be conditioned upon the tenant’s compliance with the terms and conditions of the applicable agreement and all amendments during the entire term of the Rent Abatement Period – Extension 4. Failure to comply with said terms and conditions would result in a full reinstatement of the amounts owed.

*Rent Abatement Period – Extension 4:* (1) forbearance and possible waiver of the amount that is the difference between the monthly MAG payment and percentage rent; (2) for tenants without a MAG, forbearance and possible waiver of fixed-rent monthly payments; (3) forbearance and possible waiver of concession marketing fund fees. Tenants will be required to continue to pay percentage rent per their original agreements; full monthly rent for occupied support space; full cost recovery charges (RDC, janitorial and CAM charges); full Shared Tenants Services fees; and full pest control charges.

These actions are necessary to maintain the long-term viability of in-terminal concessions, which are vital to operations and financial sustainability of the Airport. Exhibit A provides a list of all entities eligible to be considered under this portion of the *Rent Forbearance and Abatement Program Extension 4*.

## Inflight Services

An inflight service company, Gate Gourmet, Inc. (“Gate Gourmet”), has entered into a non-exclusive license agreement (“License Agreement”) with the Authority to provide inflight catering beverages and meals to the airlines. Under the License Agreement, Gate Gourmet is required to pay the following monthly fees: 1) the greater of a monthly License Fee<sup>2</sup>, or eight percent of monthly gross receipts.

Similar to the Airport’s concessions, Gate Gourmet has experienced a dramatic reduction in revenues as a direct result of reduced passenger traffic during the COVID-19 pandemic. As with concessions, Gate Gourmet continues to experience reduced revenues that do not support minimum payments to the Airport, in recent months.

For Gate Gourmet, Authority Staff recommends the following<sup>3</sup> for the *Rent Abatement Period* and the *Rent Abatement Period – Extension 4*: (1) waive the amount that is the difference between the monthly License Fee payment and percentage fees. Gate Gourmet will be required to continue to pay percentage fees per its original agreement.

These actions are necessary to maintain the long-term viability of inflight services, which are vital to operations and financial sustainability of the Airport. Exhibit A provides a list of all entities eligible to be considered under this portion of the *Rent Forbearance and Abatement Program – Extension 4*.

## Terms and Conditions

To be eligible for participation in the *Rent Forbearance and Abatement Program Extension 4*, eligible Non-Airline Tenants will be bound by the similar terms and conditions of the

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<sup>2</sup> The monthly License Fee required under the Gate Gourmet license agreement is the same payment type as a monthly MAG.

<sup>3</sup> See comment 1 above. The same conditions would apply to the possible waiver of these amounts.

executed Amendment which enabled participation in the initial six-month abatement period, and subsequent extensions. If a Non-Airline Tenant was not eligible or chose not to participate in the original Rent Forbearance and Abatement Program, the tenant may submit an application for the *Rent Forbearance and Abatement Program Extension 4*. Furthermore, for continued relief, a subsequent amending agreement applicable to the *Rent Abatement Period – Extension 4* must be executed between all qualifying Non-Airline Tenants and the Authority. Terms and conditions of this forthcoming amendment will include but are not limited to the following conditions:

1. The *Rent Abatement Period – Extension 4*, shall be effective July 1, 2021 to September 30, 2021;
2. All terms and conditions of the original Temporary Rent Forbearance and Abatement Amendment, Amendment 1, Amendment 2, and Amendment 3 shall remain in full force and effect, except where a term or condition is specifically deleted or changed under the subsequent amendment which enables the rent abatement program to be extended;
3. Tenants, or their assignee, who previously qualified for the Rent Forbearance and Abatement Program approved by the Board on May 7, 2020, will automatically qualify for the extension of the program, unless the Tenant has been terminated or placed into default under the terms and conditions of the original Amendment, Amendment 1, Amendment 2, Amendment 3, or any of its other agreements with the Authority;
4. All other terms, conditions, and requirements of the tenant's lease agreement(s) with the Authority shall remain in full force and effect;
5. Status of accounts receivable must be current and remain current for all amounts due that have not been waived;
6. Letter of Credit must be fully-funded and up to date and must have an expiration date that is at least three (3) months after the end of the *Rent Abatement Period – Extension 4*;
7. The Authority encourages the tenant to continue to seek grants and relief available at the present time, or in the future, through other programs offered by local, state, and federal governments, as well as business interruption insurance benefits. Should funding become available to the tenant to be administered by the Authority, Tenant will cooperate with Authority to apply for and obtain funding, when requested;
8. The President/CEO may add any such other requirements and conditions as she deems in the best interests of the Authority; and



9. The President/CEO may amend the amount of rent abatement provided to the tenant in an amount up to but not greater than the other relief actually received by the tenant; including any amounts provided directly or indirectly to the tenant, either through the Authority or other another entity, to relieve tenants' obligation to pay rents and fees.

## Fiscal Impact:

The Rent Forbearance and Abatement Program Extension 4 of approximately \$2.9 million for Terminal Concessions and approximately \$97 thousand for Inflight Services is included in the Board approved Fiscal 2022 Budget. The Authority intends to use funds from the American Rescue Plan Act of 2021 to reimburse certain operating expenses and debt service to offset the impacts to financial metrics and sufficiently adhere to Board policy and debt covenants.

## Authority Strategies/Focus Areas:

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

### Strategies

- |   |  |  |  |   |
|---|--|--|--|---|
| <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 |
|---|--|--|--|---|

### Focus Areas

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Advance the Airport Development Plan | <input type="checkbox"/> Transform the Customer Journey | <input checked="" type="checkbox"/> Optimize Ongoing Business |
|---|---|---|

## **Environmental Review:**

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## **Application of Inclusionary Policies:**

Not applicable.

## **Prepared by:**

Hampton Brown  
Vice President, Marketing & Innovation (ad interim)

## **RESOLUTION NO. 2021-0070**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE THE REQUIRED AGREEMENTS TO EXTEND THE AUTHORITY'S TEMPORARY RENT FORBEARANCE AND ABATEMENT PROGRAM TO TEMPORARILY REDUCE RENTAL OBLIGATIONS OF QUALIFYING NON-AIRLINE TENANTS AT THE AIRPORT, BY PROVIDING ABATEMENT OF MONTHLY MINIMUM ANNUAL GUARANTEE (MAG) PAYMENTS FOR A PERIOD NOT TO EXCEED THREE (3) MONTHS BEGINNING JULY 1, 2021 AND ENDING SEPTEMBER 30, 2021, IN RESPONSE TO THE CONTINUED IMPACT OF THE COVID-19 PANDEMIC CRISIS

**WHEREAS**, on March 13, 2020, President Trump issued a Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease ("COVID-19") Outbreak, which established March 1, 2020 as the beginning of the national emergency; and

**WHEREAS**, on March 19, 2020, California Governor Newsom issued an Executive Order (EO N-33-20) requiring individuals living in the State of California to stay home except as needed to maintain the continuity of operations of the federal infrastructure sectors; and

**WHEREAS**, on May 4, 2020, California Governor Newsom issued an Executive Order (EO N-60-20) informing local health jurisdictions and industry sectors that they may gradually reopen under new modifications and guidance provided by the State of California; and

**WHEREAS**, on September 23, 2020, California Governor Newsom issued an Executive Order (EO N-80-20), and on December 14, 2020 issued an Executive Order (EO N-84-20) to address a variety of issues in response to the pandemic; and

**WHEREAS**, on December 3, 2020, California Governor Newsom divided the state into 5 regions with San Diego County in the Southern California region and announced a regional stay at home order if ICU capacity falls to 15%; and

**WHEREAS**, on December 6, 2020, due to ICU capacities in the Southern Californian region falling below 15%, a regional stay at home order was issued for three weeks; and

**WHEREAS**, on January 25, 2021 the regional stay at home order was lifted but San Diego County remained in the purple tier, which allowed resumption of outdoor dining, as well as certain services at gyms, barber shops and nail salons; and

**WHEREAS**, on March 16, 2021 San Diego County moved into the next-less restrictive red tier but, significant limitations on commercial and social activities remained in place; and

**WHEREAS**, on June 9, 2021 San Diego County moved into the next-less restrictive yellow tier but, significant limitations on commercial and social activities remained in place; and

**WHEREAS**, on June 15, 2021 the State of California reopened the economy which generally means all business and activities could return to normal, but airports still remain under more restrictive TSA guidelines; and

**WHEREAS**, the COVID-19 pandemic has caused a financial and economic crisis and has resulted in significant disruptions to domestic and international air travel, including air travel to and from the San Diego International Airport ("Airport"); and

**WHEREAS**, the Airport is identified as Essential Critical Infrastructure under the Transportation System Sector and remains open and operational; and

**WHEREAS**, as a result of the COVID-19 pandemic, passenger throughput at the Airport began a sharp decline in March 2020, leveling off at an approximate 96% decline year-over-year in April 2020, and passenger throughput has gradually improved since March, with an approximate 40% decline year-over-year in April 2021; and

**WHEREAS**, retail and food & beverage concessionaires, passenger service concessionaires, and inflight services companies (collectively, "Non-Airline Tenants") of the San Diego County Regional Airport Authority ("Authority") have continued to experience a decline in revenue commensurate with the unprecedented decline in passenger throughput, and have taken measures to reduce operating costs, including reduced hours of operation, temporary closure of many concession locations, staff layoffs and furloughs, and submitting urgent requests for additional financial relief; and

**WHEREAS**, due to the effects of COVID-19, and the significant decline in passenger traffic and Non-Airline Tenant business, Non-Airline Tenants are not able to generate the sales revenues necessary to support sustained payments of monthly rental obligations to the Authority; and

**WHEREAS**, on May 7, 2020, the Board adopted Resolution No. 2020-0057, authorizing staff to execute the required agreements to provide abatement of certain rents and fees to qualifying Non-Airline Tenants for a period beginning April 1, 2020 and ending September 30, 2020 ("*Rent Abatement Period*"); and

**WHEREAS**, on October 26, 2020, the Board adopted Resolution No. 2020-0099, authorizing staff to execute the required agreements to provide abatement of certain rents and fees to qualifying Non-Airline Tenants for a period beginning October 1, 2020 and ending December 31, 2020 ("*Rent Abatement Period – Extension 1*"); and

**WHEREAS**, on January 7, 2021, the Board adopted Resolution No. 2021-0002, authorizing staff to execute the required agreements to provide abatement of certain rents and fees to qualifying Non-Airline Tenants for a period beginning January 1, 2021 and ending March 31, 2021 ("*Rent Abatement Period – Extension 2*"); and

**WHEREAS**, on April 1, 2021, the Board adopted Resolution No. 2021-0028, authorizing staff to execute the required agreements to provide abatement of certain rents and fees to qualifying Non-Airline Tenants for a period beginning April 1, 2021 and ending June 30, 2021 (*"Rent Abatement Period – Extension 3"*); and

**WHEREAS**, the Authority has executed a Temporary Rent Forbearance and Abatement Amendment with several Non-Airline Tenants for the *Rent Abatement Period*, the *Rent Abatement Period – Extension 1*, the *Rent Abatement Period-Extension 2* and the *Rent Abatement Period-Extension 3*; and

**WHEREAS**, the unforeseen pandemic and dramatic enplanement declines brought on by COVID-19 were not contemplated at the time of RFP responses or the lease negotiations with Non-Airline Tenants, when rental structures were established; and

**WHEREAS**, Non-Airline Tenants continue to experience financial hardship due to severe declines in sales commensurate with enplanement declines brought on by COVID-19, and this trend is expected to continue; and

**WHEREAS**, it is in the best interest of the Authority and the public to extend temporary financial relief to qualifying Non-Airline Tenants so that they may remain financially resilient and stay open where possible during the COVID-19 pandemic; and

**WHEREAS**, it is in the best interest of the Authority and the public to provide immediate additional temporary financial relief to qualifying Non-Airline Tenants so that the Airport may resume normal operations as passenger levels increase, protect the Authority's future revenues, and to ensure the needs of the travelling public are met and the passenger experience at the Airport does not suffer; and

**WHEREAS**, the Authority desires to provide additional temporary financial relief to qualifying Non-Airline Tenants by implementing abatement of certain rental obligations for a three (3) month period (the *"Rent Forbearance and Abatement Program Extension 4"*), beginning on July 1, 2021 and ending on September 30, 2021 (*"Rent Abatement Period – Extension 4"*); and

**WHEREAS**, the Authority believes that the *Rent Forbearance and Abatement Program Extension 4* complies with the guidance issued by the Federal Aviation Administration ("FAA") on April 4, 2020 and updated on May 29, 2020 and December 2020, related to airports' consideration of COVID-19 restrictions and accommodations; and

**WHEREAS**, the Authority believes that the *Rent Forbearance and Abatement Program Extension 4* complies with Grant Assurance 22, which pertains to economic nondiscrimination, and Grant Assurance 24, which states that a fee and rental structure must be maintained for airport facilities and services such that the airport will be as self-sustaining as possible; and

**WHEREAS**, the Authority believes instituting the *Rent Forbearance and Abatement Program Extension 4* will help ensure that the Authority remains competitive for solicitation of operators and services in the future; and

**WHEREAS**, the Authority is party to multiple agreements with inter-terminal retail, food and beverage, passenger service, and advertising tenants ("Concessionaires"), operating under individual non-exclusive concession leases ("Concession Lease"), and under the Concession Leases, Concessionaires are required to make monthly rental payments to the Authority, including where applicable: (1) a monthly payment in an amount that is one-twelfth the Minimum Annual Guarantee ("MAG") or a certain percentage of gross receipts, whichever is greater; (2) fixed-fees including monthly fixed-rent; (3) additional rent including variable cost recovery fees; (4) monthly support space rent; and, (5) contribution to a concession marketing fund; and

**WHEREAS**, as part of the *Rent Forbearance and Abatement Program Extension 4*, the Authority desires to provide rent forbearance and possible abatement to qualifying Concessionaires for the *Rent Abatement Period – Extension 4* for the following payment obligations only: (1) the amount that is the difference between the monthly MAG payment and percentage rent and (2) monthly concession marketing fund fees; and

**WHEREAS**, the Authority will place the specific amounts indicated into conditional forbearance until the end of the *Rent Abatement Period – Extension 4*; and waiver of the amounts in forbearance would be conditioned upon the Concessionaire’s compliance with the terms and conditions of the applicable agreement and all amendments during the entire term of the *Rent Abatement Period – Extension 4*; and

**WHEREAS**, failure of a Concessionaire to comply with said terms and conditions will result in a full reinstatement of the amounts owed during the *Rent Abatement Period – Extension 4*; and

**WHEREAS**, the Authority is party to an agreement with an inflight services company (“Gate Gourmet”) operating under a non-exclusive license agreement (“License Agreement”), and under the License Agreement, Gate Gourmet is required to make monthly rental payments to the Authority, including a monthly License Fee payment or eight percent of gross receipts, whichever is greater; and

**WHEREAS**, as part of the *Rent Forbearance and Abatement Program Extension 4*, the Authority desires to provide rent forbearance and possible abatement to Gate Gourmet, subject to meeting the requirements for participation in the program, for the *Rent Abatement Period – Extension 4* for the following payment obligations only: the amount that is the difference between the monthly License Fee payment and percentage fees; and

**WHEREAS**, failure of Gate Gourmet to comply with said terms and conditions will result in a full reinstatement of the amounts owed during the *Rent Abatement Period – Extension 4*; and

**WHEREAS**, should any additional inflight services provider enter into agreements with the Authority during the relevant program extension period, it would be considered a Non-Airline Tenant eligible for participation in the abatement program; and

**WHEREAS**, the Authority, acting through its President/CEO, reserves the right to determine which Non-Airline Tenants will qualify for the *Rent Forbearance and Abatement Program Extension 4*; and



**WHEREAS**, to qualify for the *Rent Forbearance and Abatement Program Extension 4*, Non-Airline Tenants must: (1) enter into a written rent abatement agreement with the Authority; (2) abide by all terms and conditions of the original Temporary Rent Forbearance and Abatement Amendment, and subsequent abatement amendments; (3) be and remain current on all accounts payable to the Authority and agree to make the required payments for rents and fees that are not subject to abatement; (3) have on-file with the Authority a fully-funded and current security deposit or Letter of Credit; (4) agree to such other terms and conditions as determined by the President/CEO to be in the best interest of the Authority; and, (5) provide information requested by the Authority concerning application for any local, state, or federal funding that is available now or in the future, to the Authority or to the Tenant to offset any rents and fees abated by the Authority for the benefit of the tenant.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** finds that instituting the *Rent Forbearance and Abatement Program Extension 4* will help ensure the Airport remains financially self-sufficient and remains competitive for future solicitations and revenue opportunities; and

**BE IT FURTHER RESOLVED** that the Board finds that, it is in the best interest of the Authority and the public to provide immediate extension of temporary financial relief in the form of the *Rent Forbearance and Abatement Program Extension 4* to qualifying Non-Airline Tenants so that they may remain financially resilient and stay open where possible during the COVID-19 pandemic; and so that the Airport can resume normal operations as passenger levels increase, protect the Authority's future revenues, and to ensure the needs of the travelling public continue to be met and the passenger experience at the Airport does not suffer; and

**BE IT FURTHER RESOLVED** that the Board finds that instituting the *Rent Forbearance and Abatement Program Extension 4* is in the best interest of the Authority and the travelling public; and

**BE IT FURTHER RESOLVED** that the Board finds that similar rent forbearance and abatement programs have been implemented at airports across the United States; and

**BE IT FUTHER RESOLVED** that the Board finds that the *Rent Forbearance and Abatement Program Extension 4* complies with Grant Assurance 22 and Grant Assurance 24; and

**BE IT FURTHER RESOLVED** that the Board hereby approves and authorizes the President/CEO to execute the required agreements for the *Rent Forbearance and Abatement Program Extension 4* to reduce rental obligations of qualifying Non-Airline Tenants at the Airport, by providing abatement of MAG (or License Fees), certain fixed-rent, concession marketing fund fees and other such requirements as she deems in the best interest of the Airport Authority, for a period not to exceed three (3) months beginning July 1, 2021 and ending September 30, 2021, in response to the COVID-19 pandemic crisis; and

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

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

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

**Resolution No. 2021-0070**

Page 9 of 9

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1st day of July 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

**Meeting Date: July 1, 2021**

### Subject:

**Required Communication to the Audit Committee on the Financial and Compliance Audits for the Fiscal Year Ended June 30, 2021**

### Recommendation:

The Audit Committee recommends that the Board accept the information.

### Background/Justification:

On March 25, 2019, staff presented a recommendation to the Audit Committee to enter into an agreement with BKD, LLP, for Financial Audit Services. The Audit Committee recommended that the Board adopt a resolution approving and authorizing the President/CEO to execute an agreement with BKD, LLP.

The Board adopted Resolution No. 2019-0035 during its April 4, 2019, Board Meeting, approving and authorizing the President/CEO to execute an agreement with BKD, LLP, for an amount not to exceed \$950,000 for a three-year term with an option for two (2) one-year extensions, which may be exercised at the discretion of the Authority.

The Charter of the Audit Committee, and as specified in the Statement on Auditing Standards (SAS) 114, requires that the Authority's external auditor communicate for review and approval by the Audit Committee its planned scope and timing for conducting the audit of the Authority's financial statements; and to communicate an annual report on independence, a report on its quality control program and peer review, and other responsibilities under generally accepted auditing standards.

As required, Danny Martinez, CPA, CGFM, the engagement executive from BKD, LLP, attended the May 11, 2021, Audit Committee Meeting and provided a presentation (see attached) on matters pertaining to the scope, timeline, planning, and revisions to professional standards effecting the Fiscal Year Ended June 30, 2021, Financial and Compliance Audit. In addition, a copy of the BKD's most recent Peer Review Letter was provided as Attachment A.

## Fiscal Impact:

Adequate funding for the agreement with BKD, LLP, for performing the Authority's financial audit services is included in the Fiscal Years 2021 and 2022 Budgets within the Services-Auditing line item. Expenses that will impact budget years not yet adopted by the Board will be included in future year budget requests.

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

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

## Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Application of Inclusionary Policies:

Not applicable.

## Prepared by:

Elizabeth Stewart  
Interim Director, Accounting



8550 United Plaza Blvd., Ste. 1001 – Baton Rouge, LA 70809  
 225-922-4600 Phone – 225-922-4611 Fax – [pncpa.com](http://pncpa.com)

*Postlethwaite & Netterville and Associates, L.L.C.*

## Report on the Firm's System of Quality Control

To the Partners of BKD, LLP  
 and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### **Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### **Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BKD, LLP has received a peer review rating of *pass*.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
 November 2, 2020

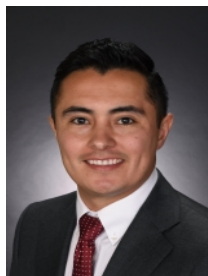
# Required Communication to the Audit Committee

## Financial and Compliance Audits for the Fiscal Year Ended June 30, 2021

Presented By: Danny Martinez, Managing Director  
May 10, 2021

# Engagement Team

- Danny Martinez, CPA, Engagement Executive
- Richard Wittgren, CPA, Concurring Review Partner
- Josh Findlay, CPA, Manager
- Molly McGee, Associate





# Overview

- Our audit will be conducted in accordance with the following guidelines:
  - Auditing standards generally accepted in the United States of America
  - *Government Auditing Standards*
  - Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)
  - *Passenger Facility Charge Audit Guide for Public Agencies*
  - California Government Code 50474.21
- We will also issue a management letter including our required communications to the Audit Committee

# Planned Timing and Scope

# Planned Scope

- The following are considered as having a higher risk of material misstatement due to error or fraud:
  - Management override of controls
  - Revenue recognition
  - Investment classification
  - Federal Awards Program

# Planned Timing

**Week of June 21st** - Planning, interim fieldwork and risk assessment

**Week beginning August 30th** - Final audit fieldwork, including Single Audit, Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) testing

**Week of September 6th**- Continued final audit fieldwork

**Week of September 13** - Continued final audit fieldwork, exit conference with management to review draft financial statements and other required communications

**September 30** – Concurring partner review to be performed

**October 15** - Release final deliverables

**November 15** - Presentation of financial statements, our required communications and other deliverables to the Audit Committee

# Approach to Planning

- Planning and Risk Assessment – Our procedures include:
  - Obtaining an understanding of the internal control environment
  - Obtaining an understanding of changes to the Authority's operations for the year, including new revenue streams and activities
  - Examining Authority Board and Audit Committee minutes and highlighting any ordinances, resolutions, laws and compliance regulations to be reviewed
  - Determining how Covid-19 has continued to impact operations

# Approach to Planning (continued)

- Planning and Risk Assessment – Our procedures include (continued):
  - Completing our preliminary analytical review procedures
  - Developing applicable audit programs to address significant audit areas and the specific risks identified during our risk assessment procedures

# Remote Work Strategy (Weeks of 9/6/21 & potentially 9/13/21)

- Utilization of BKD Connect Site
- Microsoft Teams for Status Meetings
- Video calls for audit questions

# Revisions to Professional Standards



# Revisions to Professional Standards

- *GASB 84, Fiduciary Activities*
  - Establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements and other fiduciary activities.
  - GASB 84 is effective for the Authority's 2021 fiscal year.
- *GASB 87, Leases*
  - Provides a new framework for accounting for leases under the principle that leases are financings.
  - GASB 87 is effective for the Authority's 2022 fiscal year.
  - BKD will continue to work with the Authority on implementing this standard.

# Consideration of Errors or Fraud

# Consideration of Errors or Fraud

- Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in Statement on Auditing Standards No. 99, *Consideration of Fraud in a Financial Statement Audit*
  - Fraud interviews will be held with key members of the Airport Authority through this requirement

# Consideration of Errors or Fraud *(continued)*

- Our audit approach includes:
  - Engagement Team Brainstorming
  - Inquiries of management and others:
    - Audit Committee Chair
    - President/CEO
    - Chief Internal Auditor
    - General Counsel
    - Chief Financial Officer
    - Chief Development Officer

# Consideration of Errors or Fraud (*continued*)

- Inquiries of management and others (*continued*):
  - Others as deemed appropriate in the following areas:
    - Accounting
    - Finance
    - Grants Management & Compliance
    - Procurement
    - Airport Development
    - Information Technology
    - Human Resources

# Contacts

- It is our understanding that the appropriate people within the Authority's governance structure with whom to communicate are:

Lee Parravano, Chief Internal Auditor

Carmen Vann, Audit Committee Chair

Johanna Schiavoni, Board Chair

- If you need to contact us:

Danny Martinez, Managing Director – 505.917.0488 [dmartinez@bkd.com](mailto:dmartinez@bkd.com)

Josh Findlay, Manager – 972.702.8262 Ext. 43418 [jfindlay@bkd.com](mailto:jfindlay@bkd.com)

**BKD Thoughtware®**

# Questions?

## Staff Report

**Meeting Date: July 1, 2021**

### **Subject:**

**Approve and Authorize the President/CEO to Award a Contract to Baker Tilly US, LLP to provide On-Call Construction Audit Services**

### **Recommendation:**

The Audit Committee recommends that the Board adopt Resolution No. 2021-0071, approving and authorizing the President/CEO to negotiate and execute an agreement with Baker Tilly US, LLP to provide On-Call Construction Audit Services, in an amount not to exceed \$1,500,000, for a term of three years, with the option for two (2) two-year extensions, which may be exercised at the sole discretion of the Authority's President/CEO.

### **Background/Justification:**

On February 25, 2021, the San Diego County Regional Airport Authority issued a Request for Proposals to provide On-Call Construction Audit Services for the San Diego International Airport (SDIA).

On-Call Construction Audit Services provide essential professional construction auditing support for the Office of the Chief Auditor (OCA). These services are necessary to address the numerous risks and complexities of the Airport Development Program (ADP) projects underway at SDIA, and to provide assurance that the ADP project funds are used in compliance with the project agreements. OCA staff will supplement the construction auditing needs.

Notice of the Request for Proposals solicitation was advertised in the San Diego Daily Transcript and on the Authority's website. Fifty-five companies downloaded the documents.



The Authority received 14 proposals with 12 respondents being deemed responsive:

- |                                       |                                |
|---------------------------------------|--------------------------------|
| 1. Baker Tilly US, LLP                | 7. Fort Hill Associates, LLC   |
| 2. CBIZ Risk & Advisory Services, LLC | 8. Grassi/DLA, a Joint Venture |
| 3. CliftonLarsonAllen LLP             | 9. KPMG LLP                    |
| 4. CohnReznick                        | 10. Moss Adams, LLP            |
| 5. Cumming Management Group, Inc.     | 11. Plante & Moran, PLLC       |
| 6. Exiger LLC                         | 12. Talson Solutions, LLC      |

The Evaluation Panel consisted of staff from the OCA, Finance, and Airport Design and Construction Departments.

On April 8, 2021, the Evaluation Panel met to evaluate the proposals received. The criteria utilized in selection of short-listed respondents included:

- Organizational Experience and Expertise
- Primary Staff Capabilities and Project Experience
- Proposed Work Plan and Approach Methodology
- Proposed Fees/Cost to Authority
- Small Business Preference (Authority Policy 5.12)

The proposal evaluations resulted in the three highest ranking firms to be invited to interview. The top three candidates were:

1. Baker Tilly US, LLP
2. KPMG LLP
3. Talson Solutions, LLC

Interviews with the three firms were held on April 20, 2021. The respondents were asked to give a presentation of a project that their firm completed demonstrating how they addressed specific experience that the Evaluation Panel requested. They were also asked to provide responses to specific questions, prepared by the Evaluation Panel, which targeted the evaluation criteria presented in the solicitation. The panelist's rankings of the respondents are presented below:

<b>Final Rankings</b>	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Panelist 5	<b>Total</b>	<b>Rank</b>
Baker Tilly	1	1	1	1	1	5	1
KPMG	2	2	2	2	2	10	2
Talson Solutions	3	3	3	3	3	15	3

Combined Final Scores	SB	Local	Vet.	Cost	Org. Structure	Company Experience	Primary Staff and Project Experience	Proposed Work Plan/ Approach/ Methodology	Total
Baker Tilly	0	0	0	1250	210	420	1470	1100	4450
KPMG	0	0	0	625	230	460	1680	1050	4045
Talson	150	0	0	750	165	340	1190	800	3395

## Overview:

Staff recommends Baker Tilly US, LLP (Baker Tilly) for the On-Call Construction Auditing Services. The following provides additional information about Baker Tilly:

- Baker Tilly is the 11th largest accounting and advisory firm in the United States with 50 offices in 20 states serving clients across the U.S.
- Baker Tilly is the 7th largest construction accounting firm in the U.S with 20 specialists and 100 professionals dedicated to providing construction risk management services.
- Baker Tilly has experience working with airports throughout the U.S. and internationally.
- Baker Tilly presented a highly skilled professional staff with more than 100 years of combined experience developing project-specific construction audit programs and methodologies for all contract types.
- Baker Tilly will provide the Authority access to top construction audit professionals and resources available nationally at a competitive contract price.

During a meeting of the Audit Committee on May 10, 2021, the OCA presented the steps taken to advertise, interview and assess, and evaluate and select Baker Tilly, US, LLP as the on-call construction audit firm of choice for the ADP. The Audit Committee voted unanimously on the selection of Baker Tilly US, LLP to provide on-call construction audit services for the ADP, and recommended this item be forwarded to the Board for approval.

## Fiscal Impact:

Adequate funds for the Baker Tilly On-call Construction Audit contract are included within the Board approved FY2021-FY2025 Capital Program Budget in the New T1 project budget. Project Sources of funding for this project include Airport Revenue Bonds, Passenger Facility Charges, Airport Cash, Federal Entitlement and Discretionary Grants.

## Authority Strategies/Focus Areas:

This item supports one or more of the following:

### Strategies

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

### Focus Areas

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

## Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Application of Inclusionary Policies:

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

small businesses, and local businesses. Policy 5.12 provides a preference of up to seven percent (7%) 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 with Policy 5.12, the recommended firm Baker Tilly US, LLP did not receive small business, local business, and service disabled/veteran owned small business preference.

**Prepared by:**

Lee M. Parravano  
Chief Auditor

## **RESOLUTION NO. 2021-0071**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH BAKER TILLY US, LLP TO PROVIDE ON-CALL CONSTRUCTION AUDIT SERVICES, IN AN AMOUNT NOT TO EXCEED \$1,500,000, FOR A TERM OF THREE YEARS, WITH THE OPTION FOR TWO (2) TWO-YEAR EXTENSIONS, WHICH MAY BE EXERCISED AT THE SOLE DISCRETION OF THE AUTHORITY'S PRESIDENT/CEO

**WHEREAS**, on February 25, 2021, the San Diego County Regional Airport Authority issued a Request for Proposals to provide On-Call Construction Audit Services for the San Diego International Airport; and

**WHEREAS**, the On-Call Construction Audit Services will support the Office of the Chief Auditor (OCA) in the audit services required for the Airport Development Program; and

**WHEREAS**, notice of the Request for Proposals solicitation was advertised and the Authority received 14 proposals with 12 respondents being deemed responsive; and

**WHEREAS**, an Evaluation Panel ("Panel") was established and included key representatives from the Authority's Airport Design & Construction Department, Finance & Risk Management Department, and the OCA; and

**WHEREAS**, the Panel conducted a thorough review of the proposals and determined on April 8, 2021, that the three most qualified firms to perform the requested on-call services were Baker Tilly, US, LLP, KPMG LLP, and Talson Solutions, LLC; and

**WHEREAS**, the Proposal Evaluation Criteria used to short-list qualified firms was based on organizational experience and expertise, primary staff capabilities and project experience, proposed work plan and approach/ methodology, proposed fees/cost to the Authority, and eligibility for small business participation under Authority Policy 5.12, Small Business Preference; and

**WHEREAS**, on April 20, 2021, the Panel interviewed and ranked the three short-listed firms; and

**WHEREAS**, the Evaluation Criteria used by the Panel to rank the three firms matched the Evaluation Criteria used during the proposal short-listing process; and

**WHEREAS**, the top-ranked firm selected by the Panel was Baker Tilly US, LLP; and

**WHEREAS**, on May 10, 2021, the Audit Committee examined staff's process for soliciting, evaluating, and selecting Baker Tilly US, LLP to provide on-call construction auditing services; and

**WHEREAS**, the Audit Committee voted to recommend to the Board the award of a contract to Baker Tilly US, LLP for an amount not to exceed \$1,500,000 for a three-year term with an option for two (2) two-year extensions.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves and authorizes the President/CEO to negotiate and execute an agreement with Baker Tilly US, LLP to provide On-Call Construction Audit Services, in an amount not to exceed \$1,500,000, for a term of three years, with the option for two (2) two-year extensions, which may be exercised at the sole discretion of the Authority's President/CEO; and

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

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

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

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1<sup>st</sup> day of July, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

Meeting Date: July 1, 2021

### Subject:

**Award a Contract to S&L Specialty Construction, Inc. for Quieter Home Program Phase 11, Group 2, Project No. 381102, Forty (40) Non-Historic Single-Family and Multi-Family Units on Six (6) Residential Properties Located East and West of the San Diego International Airport**

### Recommendation:

Adopt Resolution No. 2021-0072, awarding a contract to S&L Specialty Construction, Inc., in the amount of \$687,609.74 for Phase 11, Group 2, Project No. 381102, of the San Diego County Regional Airport Authority's Quieter Home Program.

### Background/Justification:

The San Diego County Regional Airport Authority's ("Authority") Quieter Home Program ("Program") provides sound attenuation treatment to residences within the highest noise-impacted neighborhoods surrounding San Diego International Airport ("SDIA"). This contract for Phase 11, Group 2, project number 381102 includes installation of new acoustical windows, doors, and ventilation improvements to reduce aircraft-related noise levels and provide sound attenuation to forty (40) non-historic single-family and multi-family units on six (6) residential properties located east and west of the SDIA (refer to Attachment A).

To date, the Program has completed 4,524 residences, of which 1,008 are historic and 3,516 are non-historic. 2,868 residences are located west of SDIA and 1,656 are located east of SDIA.

Project No. 381102 was advertised on April 14, 2021, and bids were opened on May 17, 2021. The following bids were received (refer to Attachment B):



<b>Company</b>	<b>Total Bid</b>
S&L Specialty Construction, Inc.	\$687,609.74
G&G Specialty Contractors, Inc.	\$698,885.74
Dynamic Contracting Services, Inc.	\$749,842.55
De La Fuente Construction, Inc.	\$762,246.74
Pub Construction, Inc.	\$799,509.74

The lowest bid for the project is 20% higher than the Engineer's estimate of \$573,420.37. The contractor and major manufacturers have noted that raw material costs have had sudden and unexpected upsurges within the past few months. Supported by documentation from our window and door manufacturers, construction material costs have increased anywhere from 10% for vinyl products, to 280% for lumber. They also indicated that price increases are fluctuating on a weekly basis. Due to the uncertainty of costs, vendors are providing quotes that are only good for as little as one week to thirty days, causing manufacturers and contractors to build in additional costs to their bids to cover the pricing uncertainty. Staff discussed these price increases with the FAA, who confirmed that it was consistent with what they are hearing in the industry.

Due to the recent increase in construction costs, the low bid of \$687,609.74 is considered responsive and S&L Specialty Construction, Inc. is considered responsible. Award to S&L Specialty Construction, Inc. is, therefore, recommended in the amount of \$687,609.74.

**Fiscal Impact:**

Adequate funds for the contract with S&L Specialty Construction, Inc. are included in the adopted FY 2022 and adopted FY 2023 Operating Expense Budgets within the Quieter Home Program budget line item. Sources of funding include federal Airport Improvement Program grants and Passenger Facility Charges.

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

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

## Environmental Review:

- A. CEQA: This Board action is a “project” subject to the California Environmental Quality Act (“CEQA”), Pub. Res. Code §21065. The individual projects under the Quieter Home Program are part of a class of projects that are categorically exempt from CEQA: 14 Cal. Code Regs. §15301 – “Existing Facilities: Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination.”
- B. California Coastal Act Review: This Board action is a “development” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. The individual projects under the Quieter Home Program will consist of treatments to single-family and multi-family dwellings. Improvements to single-family homes are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(a) and 14 Cal. Code Regs. §13250 – “Improvements to Single-Family Residences.” The proposed improvements to multi-family residences are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – “Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits.”
- C. NEPA: This Board action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021 for these Quieter Home Program projects.

## **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, and Policy 5.12. These programs/policy are intended to promote the inclusion of small, local, service disabled/veteran owned small businesses, historically underrepresented businesses, and other business enterprises, on all contracts. Only one of the programs/policy named above can be used in any single contracting opportunity.

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

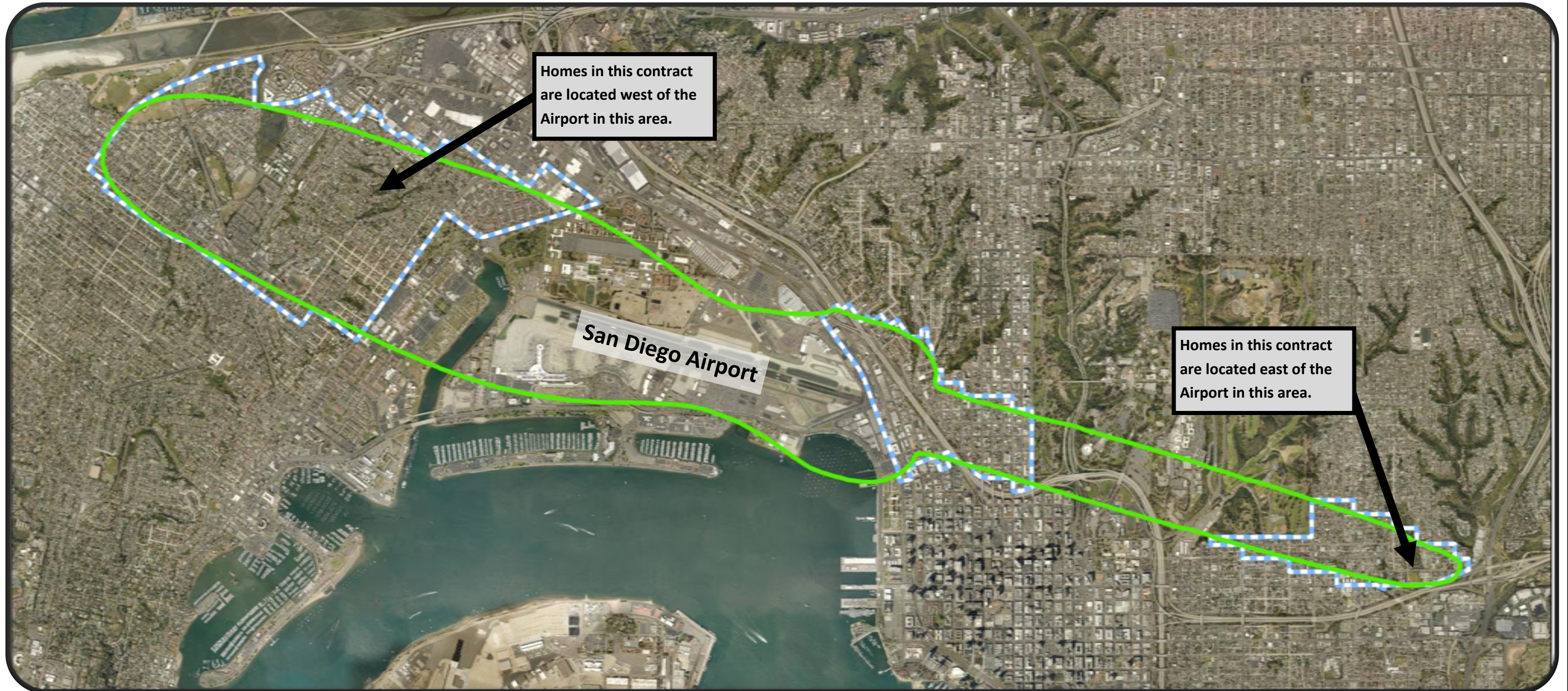
This project utilizes federal funds; therefore, it will be applied toward the Authority's overall DBE goal. S&L Specialty Construction, Inc. proposed 1.1% DBE participation on QHP Phase 11, Group 2.

## **Prepared by:**

Brendan Reed  
Director, Planning & Environmental Affairs



# Attachment A



## LEGEND

 65 dB Boundary

 65 dB CNEL Contour

San Diego County Regional Airport Authority  
Quieter Home Program  
Project 381102



TABULATION OF BIDS

ATTACHMENT B

TITLE: QUIETER HOME PROGRAM PROJECT NO. 381102 BIDS OPENED: May 17, 2021 at 2:00 p.m. ENGINEER'S ESTIMATE: \$572,810.41																		
CONTRACTOR:					Engineer's Estimate				S&L Specialty Construction, Inc.				G&G Specialty Contractors, Inc.				D	
ADDRESS:									315 S. Franklin Street, Syracuse, NY 13202				1221 N. Mondel Drive, Gilbert, AZ 85233				172 F	
GUARANTEE OF GOOD FAITH:									Liberty Mutual Insurance Company				Hartford Casualty Insurance Company					
Res No.	Bid Item Number - Name/Address				Dwelling Units	Unit of Measure	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)
381102.03	BRICENO/FORT	2311 UNION STREET UNIT A	1	Lump Sum		\$8,208.83	\$0.00	\$0.00	\$8,208.83	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$9,948.00	\$0.00	\$0.00	\$9,948.00	\$13,150.00
381102.03	BRICENO/FORT	2311 UNION STREET UNIT B	1	Lump Sum		\$8,128.00	\$0.00	\$0.00	\$8,128.00	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$9,948.00	\$0.00	\$0.00	\$9,948.00	\$13,150.00
381102.03	BRICENO/FORT	2311 UNION STREET UNIT C	1	Lump Sum		\$8,208.83	\$0.00	\$0.00	\$8,208.83	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$9,948.00	\$0.00	\$0.00	\$9,948.00	\$13,150.00
381102.03	BRICENO/FORT	2311 UNION STREET UNIT D	1	Lump Sum		\$8,208.83	\$0.00	\$0.00	\$8,208.83	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$9,948.00	\$0.00	\$0.00	\$9,948.00	\$13,150.00
381102.03	BRICENO/FORT	2311 UNION STREET UNIT E	1	Lump Sum		\$9,911.41	\$0.00	\$0.00	\$9,911.41	\$12,000.00	\$0.00	\$0.00	\$12,000.00	\$13,525.00	\$0.00	\$0.00	\$13,525.00	\$14,750.00
381102.03	BRICENO/FORT	2311 UNION STREET UNIT F	1	Lump Sum		\$10,223.59	\$0.00	\$0.00	\$10,223.59	\$14,000.00	\$0.00	\$0.00	\$14,000.00	\$13,596.00	\$0.00	\$0.00	\$13,596.00	\$15,530.00
381102.03	BRICENO/FORT	2311 UNION STREET UNIT G	1	Lump Sum		\$8,208.83	\$0.00	\$0.00	\$8,208.83	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$9,948.00	\$0.00	\$0.00	\$9,948.00	\$13,150.00
381102.03	BRICENO/FORT	2311 UNION STREET UNIT H	1	Lump Sum		\$8,208.83	\$0.00	\$0.00	\$8,208.83	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$9,948.00	\$0.00	\$0.00	\$9,948.00	\$13,150.00
381102.03	BRICENO/FORT	2311 UNION STREET UNIT J	1	Lump Sum		\$8,208.83	\$0.00	\$0.00	\$8,208.83	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$9,948.00	\$0.00	\$0.00	\$9,948.00	\$13,150.00
381102.03	BRICENO/FORT	2311 UNION STREET UNIT K	1	Lump Sum		\$9,911.41	\$0.00	\$0.00	\$9,911.41	\$12,000.00	\$0.00	\$0.00	\$12,000.00	\$13,525.00	\$0.00	\$0.00	\$13,525.00	\$14,750.00
381102.06	JENSEN	4337 MENTONE STREET	1	Lump Sum		\$16,256.15	\$0.00	\$0.00	\$16,256.15	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$21,995.00	\$0.00	\$0.00	\$21,995.00	\$22,050.00
381102.06	JENSEN	4339 MENTONE STREET UNIT A	1	Lump Sum		\$16,720.34	\$0.00	\$0.00	\$16,720.34	\$19,000.00	\$0.00	\$0.00	\$19,000.00	\$24,321.00	\$0.00	\$0.00	\$24,321.00	\$24,154.00
381102.06	JENSEN	4339 MENTONE STREET UNIT B	1	Lump Sum		\$16,720.34	\$0.00	\$0.00	\$16,720.34	\$19,000.00	\$0.00	\$0.00	\$19,000.00	\$24,321.00	\$0.00	\$0.00	\$24,321.00	\$24,354.00
381102.06	JENSEN	4339 MENTONE STREET UNIT C	1	Lump Sum		\$9,755.58	\$0.00	\$0.00	\$9,755.58	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$11,010.00	\$0.00	\$0.00	\$11,010.00	\$13,410.00
381102.07	JOHNSON	2256 ALBATROSS STREET UNIT 1	1	Lump Sum		\$11,930.60	\$0.00	\$0.00	\$11,930.60	\$13,000.00	\$0.00	\$0.00	\$13,000.00	\$12,771.00	\$0.00	\$0.00	\$12,771.00	\$15,530.00
381102.07	JOHNSON	2256 ALBATROSS STREET UNIT 2	1	Lump Sum		\$14,136.49	\$0.00	\$0.00	\$14,136.49	\$14,000.00	\$0.00	\$0.00	\$14,000.00	\$14,439.00	\$0.00	\$0.00	\$14,439.00	\$17,081.00
381102.07	JOHNSON	2256 ALBATROSS STREET UNIT 3	1	Lump Sum		\$13,865.72	\$0.00	\$0.00	\$13,865.72	\$14,000.00	\$0.00	\$0.00	\$14,000.00	\$14,439.00	\$0.00	\$0.00	\$14,439.00	\$17,081.00
381102.07	JOHNSON	2256 ALBATROSS STREET UNIT 4	1	Lump Sum		\$12,453.81	\$0.00	\$0.00	\$12,453.81	\$13,000.00	\$0.00	\$0.00	\$13,000.00	\$13,035.00	\$0.00	\$0.00	\$13,035.00	\$15,810.00
381102.07	JOHNSON	2256 ALBATROSS STREET UNIT 5	1	Lump Sum		\$10,245.64	\$0.00	\$0.00	\$10,245.64	\$9,000.00	\$0.00	\$0.00	\$9,000.00	\$10,713.00	\$0.00	\$0.00	\$10,713.00	\$13,810.00
381102.07	JOHNSON	2256 ALBATROSS STREET UNIT 6	1	Lump Sum		\$32,485.15	\$0.00	\$0.00	\$32,485.15	\$42,000.00	\$0.00	\$0.00	\$42,000.00	\$42,138.00	\$0.00	\$0.00	\$42,138.00	\$39,390.00
381102.07	JOHNSON	2256 ALBATROSS STREET UNIT 7	1	Lump Sum		\$13,770.82	\$0.00	\$0.00	\$13,770.82	\$13,000.00	\$0.00	\$0.00	\$13,000.00	\$13,413.00	\$0.00	\$0.00	\$13,413.00	\$16,080.00
381102.09	PIRANIO	615 ARROYO DRIVE	1	Lump Sum		\$19,502.90	\$6,343.66	\$802.71	\$26,649.27	\$27,000.00	\$7,000.00	\$1,000.00	\$35,000.00	\$22,887.00	\$9,000.00	\$1,400.00	\$33,287.00	\$22,195.00
381102.09	PIRANIO	617 ARROYO DRIVE	1	Lump Sum		\$15,438.97	\$2,211.42	\$734.70	\$18,385.09	\$24,000.00	\$3,000.00	\$2,000.00	\$29,000.00	\$19,518.00	\$4,500.00	\$700.00	\$24,718.00	\$18,845.00
381102.09	PIRANIO	617 1/2 ARROYO DRIVE	1	Lump Sum		\$15,347.29	\$2,491.26	\$881.38	\$18,719.93	\$23,000.00	\$3,000.00	\$2,000.00	\$28,000.00	\$19,901.00	\$4,500.00	\$900.00	\$25,301.00	\$17,775.00
381102.09	PIRANIO	619 ARROYO DRIVE	1	Lump Sum		\$22,516.61	\$9,686.36	\$5,256.93	\$37,459.90	\$30,000.00	\$13,000.00	\$4,000.00	\$47,000.00	\$30,543.00	\$14,000.00	\$6,400.00	\$50,943.00	\$25,448.00
381102.11	KREMP, LLC	3839 NIPOMA PLACE UNIT 1	1	Lump Sum		\$19,005.91	\$0.00	\$0.00	\$19,005.91	\$22,000.00	\$0.00	\$0.00	\$22,000.00	\$18,983.00	\$0.00	\$0.00	\$18,983.00	\$24,274.27
381102.11	KREMP, LLC	3839 NIPOMA PLACE UNIT 2	1	Lump Sum		\$21,380.27	\$0.00	\$0.00	\$21,380.27	\$24,000.00	\$0.00	\$0.00	\$24,000.00	\$23,008.00	\$0.00	\$0.00	\$23,008.00	\$25,443.88
381102.11	KREMP, LLC	3839 NIPOMA PLACE UNIT 3	1	Lump Sum		\$8,434.42	\$0.00	\$0.00	\$8,434.42	\$9,000.00	\$0.00	\$0.00	\$9,000.00	\$10,425.00	\$0.00	\$0.00	\$10,425.00	\$12,634.27
381102.11	KREMP, LLC	3839 NIPOMA PLACE UNIT 4	1	Lump Sum		\$10,601.53	\$0.00	\$0.00	\$10,601.53	\$16,000.00	\$0.00	\$0.00	\$16,000.00	\$16,541.00	\$0.00	\$0.00	\$16,541.00	\$17,577.38
381102.11	KREMP, LLC	3839 NIPOMA PLACE UNIT 5	1	Lump Sum		\$18,845.02	\$0.00	\$0.00	\$18,845.02	\$21,000.00	\$0.00	\$0.00	\$21,000.00	\$19,614.00	\$0.00	\$0.00	\$19,614.00	\$26,260.54
381102.11	KREMP, LLC	3839 NIPOMA PLACE UNIT 6	1	Lump Sum		\$8,799.53	\$0.00	\$0.00	\$8,799.53	\$9,000.00	\$0.00	\$0.00	\$9,000.00	\$10,484.00	\$0.00	\$0.00	\$10,484.00	\$9,528.00
381102.11	KREMP, LLC	3839 NIPOMA PLACE UNIT 7	1	Lump Sum		\$8,705.19	\$0.00	\$0.00	\$8,705.19	\$9,000.00	\$0.00	\$0.00	\$9,000.00	\$10,484.00	\$0.00	\$0.00	\$10,484.00	\$12,638.27
381102.13	TRAMONTANA	4126 UDALL STREET UNIT 1	1	Lump Sum		\$15,772.83	\$0.00	\$0.00	\$15,772.83	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$18,121.00	\$0.00	\$0.00	\$18,121.00	\$19,875.00
381102.13	TRAMONTANA	4126 UDALL STREET UNIT 2	1	Lump Sum		\$11,759.33	\$0.00	\$0.00	\$11,759.33	\$14,000.00	\$0.00	\$0.00	\$14,000.00	\$14,398.00	\$0.00	\$0.00	\$14,398.00	\$16,900.00
381102.13	TRAMONTANA	4126 UDALL STREET UNIT 3	1	Lump Sum		\$11,741.82	\$0.00	\$0.00	\$11,741.82	\$14,000.00	\$0.00	\$0.00	\$14,000.00	\$14,398.00	\$0.00	\$0.00	\$14,398.00	\$16,900.00
381102.13	TRAMONTANA	4126 UDALL STREET UNIT 4	1	Lump Sum		\$15,594.34	\$0.00	\$0.00	\$15,594.34	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$19,469.00	\$0.00	\$0.00	\$19,469.00	\$20,247.00
381102.13	TRAMONTANA	4126 UDALL STREET UNIT 5	1	Lump Sum		\$15,374.54	\$0.00	\$0.00	\$15,374.54	\$19,000.00	\$0.00	\$0.00	\$19,000.00	\$17,727.00	\$0.00	\$0.00	\$17,727.00	\$20,417.00
381102.13	TRAMONTANA	4126 UDALL STREET UNIT 6	1	Lump Sum		\$11,877.20	\$0.00	\$0.00	\$11,877.20	\$14,000.00	\$0.00	\$0.00	\$14,000.00	\$14,202.00	\$0.00	\$0.00	\$14,202.00	\$16,717.00
381102.13	TRAMONTANA	4126 UDALL STREET UNIT 7	1	Lump Sum		\$11,877.20	\$0.00	\$0.00	\$11,877.20	\$14,000.00	\$0.00	\$0.00	\$14,000.00	\$14,202.00	\$0.00	\$0.00	\$14,202.00	\$16,718.00
381102.13	TRAMONTANA	4126 UDALL STREET UNIT 8	1	Lump Sum		\$15,059.32	\$0.00	\$0.00	\$15,059.32	\$18,000.00	\$0.00	\$0.00	\$18,000.00	\$18,094.00	\$0.00	\$0.00	\$18,094.00	\$18,879.20
								Subtotal	\$561,810.63				Subtotal	\$676,000.00			Subtotal	\$687,276.00
							Probable Cost for Permits:	\$11,609.74				Probable Cost for Permits:	\$11,609.74			Probable Cost for Permits:	\$11,609.74	
							TOTAL BID	\$573,420.37				TOTAL BID	\$687,609.74			TOTAL BID	\$698,885.74	

TABULATION OF BIDS

ATTACHMENT B

Dynamic Contracting Services, Inc.			De La Fuente Construction, Inc.				Pub Construction, Inc.			
Fourthe Avenue, Chula Vista, CA 91010			22W 35th St., Suite 207, Natioanl City, CA 91950				23545 Palomino Dr., #104, Diamond Bar, CA 91765			
Argonaut Insurance Company			SureTec Insuracnde Company				Western Surety Company			
Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)
\$0.00	\$0.00	\$13,150.00	\$12,191.00	\$0.00	\$0.00	\$12,191.00	\$16,500.00	\$0.00	\$0.00	\$16,500.00
\$0.00	\$0.00	\$13,150.00	\$12,117.00	\$0.00	\$0.00	\$12,117.00	\$16,500.00	\$0.00	\$0.00	\$16,500.00
\$0.00	\$0.00	\$13,150.00	\$12,191.00	\$0.00	\$0.00	\$12,191.00	\$16,500.00	\$0.00	\$0.00	\$16,500.00
\$0.00	\$0.00	\$13,150.00	\$12,191.00	\$0.00	\$0.00	\$12,191.00	\$16,500.00	\$0.00	\$0.00	\$16,500.00
\$0.00	\$0.00	\$14,750.00	\$13,987.00	\$0.00	\$0.00	\$13,987.00	\$16,500.00	\$0.00	\$0.00	\$16,500.00
\$0.00	\$0.00	\$15,530.00	\$16,086.00	\$0.00	\$0.00	\$16,086.00	\$16,500.00	\$0.00	\$0.00	\$16,500.00
\$0.00	\$0.00	\$13,150.00	\$12,191.00	\$0.00	\$0.00	\$12,191.00	\$15,500.00	\$0.00	\$0.00	\$15,500.00
\$0.00	\$0.00	\$13,150.00	\$12,191.00	\$0.00	\$0.00	\$12,191.00	\$15,500.00	\$0.00	\$0.00	\$15,500.00
\$0.00	\$0.00	\$13,150.00	\$12,191.00	\$0.00	\$0.00	\$12,191.00	\$16,500.00	\$0.00	\$0.00	\$16,500.00
\$0.00	\$0.00	\$14,750.00	\$13,987.00	\$0.00	\$0.00	\$13,987.00	\$16,500.00	\$0.00	\$0.00	\$16,500.00
\$0.00	\$0.00	\$22,050.00	\$21,499.00	\$0.00	\$0.00	\$21,499.00	\$23,500.00	\$0.00	\$0.00	\$23,500.00
\$0.00	\$0.00	\$24,154.00	\$26,428.00	\$0.00	\$0.00	\$26,428.00	\$20,500.00	\$0.00	\$0.00	\$20,500.00
\$0.00	\$0.00	\$24,354.00	\$26,428.00	\$0.00	\$0.00	\$26,428.00	\$20,500.00	\$0.00	\$0.00	\$20,500.00
\$0.00	\$0.00	\$13,410.00	\$11,441.00	\$0.00	\$0.00	\$11,441.00	\$15,500.00	\$0.00	\$0.00	\$15,500.00
\$0.00	\$0.00	\$15,530.00	\$16,116.00	\$0.00	\$0.00	\$16,116.00	\$17,000.00	\$0.00	\$0.00	\$17,000.00
\$0.00	\$0.00	\$17,081.00	\$17,877.00	\$0.00	\$0.00	\$17,877.00	\$17,000.00	\$0.00	\$0.00	\$17,000.00
\$0.00	\$0.00	\$17,081.00	\$17,877.00	\$0.00	\$0.00	\$17,877.00	\$17,000.00	\$0.00	\$0.00	\$17,000.00
\$0.00	\$0.00	\$15,810.00	\$16,395.00	\$0.00	\$0.00	\$16,395.00	\$17,000.00	\$0.00	\$0.00	\$17,000.00
\$0.00	\$0.00	\$13,810.00	\$13,687.00	\$0.00	\$0.00	\$13,687.00	\$15,000.00	\$0.00	\$0.00	\$15,000.00
\$0.00	\$0.00	\$39,390.00	\$42,386.00	\$0.00	\$0.00	\$42,386.00	\$29,500.00	\$0.00	\$0.00	\$29,500.00
\$0.00	\$0.00	\$16,080.00	\$14,224.00	\$0.00	\$0.00	\$14,224.00	\$17,000.00	\$0.00	\$0.00	\$17,000.00
\$3,200.00	\$1,200.00	\$26,595.00	\$19,536.00	\$12,100.00	\$1,540.00	\$33,176.00	\$18,000.00	\$11,000.00	\$1,400.00	\$30,400.00
\$3,880.00	\$1,200.00	\$23,925.00	\$18,964.00	\$6,050.00	\$770.00	\$25,784.00	\$16,000.00	\$5,500.00	\$700.00	\$22,200.00
\$4,850.00	\$1,500.00	\$24,125.00	\$16,327.00	\$6,050.00	\$990.00	\$23,367.00	\$16,000.00	\$5,500.00	\$900.00	\$22,400.00
\$5,450.00	\$1,850.00	\$32,748.00	\$24,269.00	\$17,600.00	\$7,040.00	\$48,909.00	\$22,500.00	\$16,000.00	\$6,400.00	\$44,900.00
\$0.00	\$0.00	\$24,274.27	\$23,765.00	\$0.00	\$0.00	\$23,765.00	\$26,500.00	\$0.00	\$0.00	\$26,500.00
\$0.00	\$0.00	\$25,443.88	\$21,825.00	\$0.00	\$0.00	\$21,825.00	\$30,500.00	\$0.00	\$0.00	\$30,500.00
\$0.00	\$0.00	\$12,634.27	\$11,403.00	\$0.00	\$0.00	\$11,403.00	\$15,000.00	\$0.00	\$0.00	\$15,000.00
\$0.00	\$0.00	\$17,577.38	\$16,607.00	\$0.00	\$0.00	\$16,607.00	\$20,000.00	\$0.00	\$0.00	\$20,000.00
\$0.00	\$0.00	\$26,260.54	\$26,256.00	\$0.00	\$0.00	\$26,256.00	\$29,000.00	\$0.00	\$0.00	\$29,000.00
\$0.00	\$0.00	\$9,528.00	\$11,613.00	\$0.00	\$0.00	\$11,613.00	\$17,000.00	\$0.00	\$0.00	\$17,000.00
\$0.00	\$0.00	\$12,638.27	\$11,316.00	\$0.00	\$0.00	\$11,316.00	\$17,000.00	\$0.00	\$0.00	\$17,000.00
\$0.00	\$0.00	\$19,875.00	\$20,162.00	\$0.00	\$0.00	\$20,162.00	\$19,000.00	\$0.00	\$0.00	\$19,000.00
\$0.00	\$0.00	\$16,900.00	\$16,285.00	\$0.00	\$0.00	\$16,285.00	\$16,500.00	\$0.00	\$0.00	\$16,500.00
\$0.00	\$0.00	\$16,900.00	\$16,285.00	\$0.00	\$0.00	\$16,285.00	\$16,500.00	\$0.00	\$0.00	\$16,500.00
\$0.00	\$0.00	\$20,247.00	\$18,938.00	\$0.00	\$0.00	\$18,938.00	\$18,500.00	\$0.00	\$0.00	\$18,500.00
\$0.00	\$0.00	\$20,417.00	\$21,616.00	\$0.00	\$0.00	\$21,616.00	\$18,500.00	\$0.00	\$0.00	\$18,500.00
\$0.00	\$0.00	\$16,717.00	\$16,078.00	\$0.00	\$0.00	\$16,078.00	\$16,500.00	\$0.00	\$0.00	\$16,500.00
\$0.00	\$0.00	\$16,718.00	\$16,078.00	\$0.00	\$0.00	\$16,078.00	\$16,500.00	\$0.00	\$0.00	\$16,500.00
\$0.00	\$0.00	\$18,879.20	\$17,493.00	\$0.00	\$0.00	\$17,493.00	\$18,500.00	\$0.00	\$0.00	\$18,500.00
	Subtotal	\$738,232.81			Subtotal	\$750,637.00			Subtotal	\$787,900.00
Probable Cost for Permits:		\$11,609.74	Probable Cost for Permits:		\$11,609.74	Probable Cost for Permits:		\$11,609.74		
	TOTAL BID	\$749,842.55			TOTAL BID	\$762,246.74			TOTAL BID	\$799,509.74

## **RESOLUTION NO. 2021-0072**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARDING A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC., IN THE AMOUNT OF \$687,609.74 FOR PHASE 11, GROUP 2, PROJECT NO. 381102, OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY'S QUIETER HOME PROGRAM

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

**WHEREAS**, Phase 11, Group 2, of the Program will include installation of new acoustical windows, doors, and ventilation improvements to reduce aircraft-related noise levels inside the homes; and

**WHEREAS**, Phase 11, Group 2, of the Program provides sound attenuation to forty (40) single-family and multi-family units on six (6) non-historic residential properties located east and west of the San Diego International Airport; and

**WHEREAS**, the Authority issued a Bid Solicitation Package for Phase 11, Group 2, on April 14, 2021; and

**WHEREAS**, on May 17, 2021, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

**WHEREAS**, the lowest bid for this project was 20% higher than the Engineer's estimate of \$573,420.37 due to sudden and unexpected upsurges in raw material costs in the past few months; and

**WHEREAS**, the apparent low bidder S&L Specialty Construction, Inc. submitted a bid of \$687,609.74 and the Authority's staff has duly considered the bid and has determined that S&L Specialty Construction, Inc. is responsible and its bid is responsive in all material respects; and

**WHEREAS**, the San Diego County Regional Airport Authority Board ("Board") believes that it is in the best interest of the Authority and the public that it serves to award S&L Specialty Construction, Inc., the lowest bidder, the contract for Phase 11, Group 2, upon the terms and conditions set forth in the Bid Solicitation Package.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** awards a contract to S&L Specialty Construction, Inc., in the amount of \$687,609.74 for Phase 11, Group 2, Project No. 381102, of the San Diego County Regional Airport Authority's Quieter Home Program; and

**BE IT FURTHER RESOLVED** that the Authority's President/CEO or designee is hereby authorized to execute and deliver such contract to S&L Specialty Construction, Inc.; and

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

**BE IT FURTHER RESOLVED** that the Board of the San Diego County Regional Airport Authority finds that this is a "project" as defined by the California Environmental Quality Act ("CEQA"), Cal. Pub. Res. Code §21065; and is a "development," as defined by the California Coastal Act, Cal. Pub. Res. Code §30106 and that the individual Quieter Home Program projects are categorically exempt from the CEQA under Cal. Code Regs. §15301(f), "Existing Facilities," and are exempt from coastal permit requirements under Cal. Pub. Res. Code §§30610(a) and 30610(b) and 14 Cal. Code Regs. §§13250 and 13253. The FAA issued a Categorical Exclusion under the National Environmental Policy Act ("NEPA") for these Quieter Home Program projects.



**BE IT FURTHER RESOLVED** that the Board finds that this action is a “development” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. The individual projects under the Quieter Home Program will consist of treatments to single-family and multi-family dwellings. Improvements to single-family homes are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(a) and 14 Cal. Code Regs. §13250 – “Improvements to Single-Family Residences.” The proposed improvements to multi-family residences are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – “Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits.”; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021 for these Quieter Home Program projects.

**Resolution No. 2021-0072**

Page 4 of 4

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1st day of July 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

Meeting Date: July 1, 2021

### Subject:

**Approve and Authorize the President/CEO to Execute a First Amendment to the On-call Industrial Hygiene Services Agreement with Aurora Industrial Hygiene**

### Recommendation:

Adopt Resolution No. 2021-0073, approving and authorizing the President/CEO to execute a first Amendment to the On-Call Industrial Hygiene Services Agreement with Aurora Industrial Hygiene, increasing the amount payable by \$250,000 for a new total not-to-exceed compensation amount of \$800,000.

### Background/Justification:

On November 2, 2017, the Board adopted Resolution 2017-0101 awarding an agreement to Aurora Industrial Hygiene ("Aurora") for on-call industrial hygiene services at San Diego County Regional Airport Authority ("Authority") properties. The agreement is for an initial 3-year term, expiring May 31, 2021, with an option for two (2) one-year extensions to be exercised at the discretion of the President/CEO, for a total not-to exceed compensation of \$550,000. This Agreement is one of the primary means for properly managing potential public and employee health and safety hazards related to asbestos, lead-based paint, mold, noise, and other potential chemical, biological, or physical hazards throughout Authority properties.

On April 28, 2021, the President/CEO exercised the first option to extend the Agreement's term for a one-year period. The new termination date is May 31, 2022. The Agreement's original total amount payable remained unchanged at \$550,000.

Authority staff is now recommending an Amendment to the agreement with Aurora to ensure uninterrupted on-call services. To date, Agreement expenses covering industrial hygiene services amount to approximately \$437,000. The Airport Authority has recently identified the need to conduct water quality sampling in newly constructed facilities as well as additional investigations into potable water quality at existing facilities that had not been anticipated. These comprehensive water quality investigations, which are being done as part of the Airport Authority's due diligence to ensure continued employee and public

health protection, were not anticipated at the time that the Agreement was initially executed. Staff estimates that these investigations will cost approximately \$250,000 in additional funds to complete over the remainder of the Agreement period. As such, the proposed Amendment would increase the amount payable by \$250,000 for a total not-to-exceed compensation amount of \$800,000.

## Fiscal Impact:

Adequate funding for on-call industrial hygiene services is included in the Planning & Environmental Affairs Department's adopted FY 2022 and conceptually approved FY 2023 Operating Expense Budgets within the Professional Services line item.

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

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

## Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Application of Inclusionary Policies:

The Authority has the following inclusionary programs and policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business

Enterprise (ACDBE) Program and Policy 5.12. These programs and policy are intended to promote the inclusion of small, local, service disabled/veteran owned small businesses, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs or policy 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, service disabled/veteran owned small businesses, and local businesses. At the time of ward, Policy 5.12 provided a preference of up to five percent (5%) in the award of selected Authority contracts.

In accordance to Policy 5.12, the recommended firm Aurora Industrial Hygiene received 5% small business preference.

**Prepared by:**

Brendan Reed  
Director, Planning & Environmental Affairs

## **RESOLUTION NO. 2021-0073**

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 ON-CALL INDUSTRIAL HYGIENE SERVICES AGREEMENT WITH AURORA INDUSTRIAL HYGIENE, INCREASING THE AMOUNT PAYABLE BY \$250,000 FOR A NEW TOTAL NOT-TO-EXCEED COMPENSATION AMOUNT OF \$800,000

**WHEREAS**, on November 2, 2017, the Board adopted Resolution 2017-0101 awarding an agreement to Aurora Industrial Hygiene. ("Aurora") for on-call industrial hygiene services at San Diego County Regional Airport Authority ("Authority") properties; and

**WHEREAS**, the agreement is for an initial 3-year term, expiring May 31, 2021, with an option for two (2) one-year extensions to be exercised at the discretion of the President/CEO, for a total not-to exceed compensation of \$550,000; and

**WHEREAS**, on April 28, 2021, the President/CEO exercised the first option to extend the Agreement's term for a one-year period to May 31, 2022; and

**WHEREAS**, to date, Agreement expenses covering industrial hygiene services amount to approximately \$437,000; and

**WHEREAS**, staff have recently identified the need to perform additional water quality investigations at new and existing facilities; and

**WHEREAS**, this need was not anticipated at the time the Agreement was initially executed and staff estimates that these environmental investigations will cost approximately \$250,000 in additional funds to complete over the remainder of the Agreement period; and

**WHEREAS**, increasing the total not-to-exceed compensation amount of the Agreement to \$800,000 will help ensure proper management of potential public and employee health and safety hazards related to water quality as well as asbestos, lead-based paint, mold, noise, and other potential chemical or biological or physical hazards throughout Authority properties.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves and authorizes the President/CEO to execute a first Amendment to the On-Call Industrial Hygiene Services Agreement with Aurora Industrial Hygiene, increasing the amount payable by \$250,000 for a new total not-to-exceed compensation amount of \$800,000; and

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

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

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

**Resolution No. 2021-0073**

Page 3 of 3

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1<sup>st</sup> day of July, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL



## Staff Report

Meeting Date: July 1, 2021

### Subject:

**Award a Contract to Grahovac Construction for Remodel T2E for Access Control Office (ACO) & Harbor Police Department (HPD) Relocations at San Diego International Airport**

### Recommendation:

Adopt Resolution No. 2021-0074, awarding a contract to Grahovac Construction in the amount of \$3,726,462, for Project No. 104290, Remodel T2E for ACO & HPD Relocations at San Diego International Airport

### Background/Justification:

Project No. 104290, Remodel T2E for ACO & HPD Relocations, is a San Diego County Regional Airport ("Airport") Authority ("Authority") Board ("Board") project in the FY2022-FY2026 Capital Improvement Program ("CIP").

The former Federal Inspection Station (FIS) spaces in Terminal 2 East (T2E) were vacated upon successful completion of the International Arrivals facility in June 2018. These abandoned spaces offer great opportunity for locating critical Airport operations and offices closer to the terminals and improve customer service.

The scope of work includes renovation of the former FIS spaces, constructing new modernized Access Control Office (ACO), Security Identification Display Area (SIDA) Training Room, and Lost & Found offices for the Authority. The project also addresses the future operational needs of the Harbor Police Department (HPD) by constructing new centralized HPD offices, as well as developing a warm shell space for future TSA Employees Breakroom.

The scope of work also supports renovation of former airline offices at Terminal 2 West by Gate 42, constructing new Airfield Operations Duty Manager (AODM) offices. (Attachment A)

The entire project scope has been coordinated with the New Terminal 1 Program, with construction completion for each of the new spaces supporting the New Terminal 1 development and phasing.

This opportunity was advertised on April 9, 2021, and sealed bids were opened on June 14, 2021. The following bids were received: (Attachment B)

<b>Company</b>	<b>Total Bid</b>
Peter Vander Werff Construction, Inc.	\$3,644,000
Grahovac Construction	\$3,726,462
Sundt Construction, Inc.	\$4,250,000
Prava Construction Services, Inc.	\$4,641,885
Vasquez Construction Company	\$5,268,464

The Engineer's estimate for this project is \$4,000,000.

Peter Vander Werff Construction, Inc., the apparent low bidder, submitted a bid in the amount of \$3,644,000. However, Grahovac Construction, the second lowest bidder, with a bid of \$3,726,462, received five points for achieving the small business owned goal. Therefore, under Policy 5.12, Grahovac Construction's bid amount was reduced by \$182,200 to be \$3,544,262 and was the lowest bidder per the bid specifications.

The second lowest bid of \$3,726,462, is responsive, and Grahovac Construction is considered responsible. Staff recommends award to Grahovac Construction in the bid amount of \$3,726,462.

### **Fiscal Impact:**

Adequate funds for Remodel T2E for ACO & HPD Relocations are included within the Board adopted FY2022-FY2026 Capital Program Budget in Project No. 104194D. The Source of funding for this project is General Airport Revenue Bonds.

### **Authority Strategies/Focus Areas:**

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

#### **Strategies**

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

#### **Focus Areas**

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

## Environmental Review:

- A. CEQA: This Board action is determined to be consistent with a California Environmental Quality Act ("CEQA") Categorical Exemption 15301 - Existing Facilities - Class 1 and 15302 - Replacement or Reconstruction - Class 2.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Application of Inclusionary Policies:

The Authority has the following inclusionary programs and policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. These programs and policy are intended to promote the inclusion of small, local, service disabled/veteran owned small businesses, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs or policy 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, service disabled/veteran owned small businesses, and local businesses. Policy 5.12 provides a preference of up to seven percent (7%) 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 with Policy 5.12 the recommended firm Grahovac Construction received small and local business preferences but did not receive veteran owned small business preference. They exceeded the small business goal of 37% with 40% small business participation, exceeded the local goal of 6% with 30% local business participation and had 2.5% veteran owned small business participation.

## Prepared by:

Bob Bolton  
Director, Airport Design & Construction



# ATTACHMENT A

## 104290 - Remodel T2 for ACO and HPD Relocation Project Location

TERMINAL 2 EAST  
FIRST FLOOR  
NEW ACO, LOST & FOUND, AND HPD  
OFFICES. NEW SIDA TRAINING  
ROOM AND TSA BREAKROOM

TERMINAL 2 WEST  
FIRST FLOOR  
NEW AODM OFFICES



BID TABULATION

ATTACHMENT B

CIP Number: 104290  
Project Title: Remodel T2E for ACO and HPD Relocations  
DATE/TIME BIDS OPENED: June 14, 2021 @ 2:00pm

Bidder Number:				1		2		3		4		5	
Bidder Name:				ENGINEER'S ESTIMATE		Peter Vander Werff Construction, Inc.		Grahovac Construction Company, Inc.		Sundt Construction, Inc		Prava Construction Services, Inc.	
Bidder Address:						125 W. Lexington Ave El Cajon, CA 92020		8418 La Mesa Blvd. La Mesa, CA 91942		1660 Hotel Circle N., Ste 400 San Diego, CA 92108		344 N. Vinewood St Escondido, CA 92029	
Guarantee of Good Faith:						Markel Insurance Company		United Fire & Casualty Company		Fidelity and Deposit Company of Maryland		Philadelphia Indemnity Insurance Company	
Is the Bid Responsive and Responsible?:						???		???		???		???	
Total Unadjusted Bid Price:				\$4,000,000.00		\$3,644,000.00		\$3,726,462.00		\$4,250,000.00		\$4,641,885.00	
Total Adjusted Bid Price (w/ Policy 5.12):						\$3,571,120.00		\$3,544,262.00		\$4,050,000.00		\$4,569,005.00	
Bid Item No.	Bid Item Title	Quantity	Unit Item	Unit Price (In Figures)	Total (In Figures)	Unit Price (In Figures)	Total (In Figures)	Unit Price (In Figures)	Total (In Figures)	Unit Price (In Figures)	Total (In Figures)	Unit Price (In Figures)	Total (In Figures)
Bid Schedule A - Base Bid													
1	Remodel T2 for ACO & HPD Relocations (Includes entire Work under this Contract, excluding Bid Items 2 through 11)	1	LS	\$ 2,975,000.00	\$ 2,975,000.00	\$ 2,767,160.00	\$ 2,767,160.00	\$ 2,553,890.00	\$ 2,553,890.00	\$ 3,304,000.00	\$ 3,304,000.00	\$ 3,166,881.00	\$ 3,166,881.00
2	Overhead	240	EA	\$ 2,000.00	\$ 480,000.00	\$ 1,616.00	\$ 387,840.00	\$ 2,800.00	\$ 672,000.00	\$ 1,900.00	\$ 456,000.00	\$ 4,145.85	\$ 995,004.00
3	Main CPM Schedule Development	1	LS	\$ 25,000.00	\$ 25,000.00	\$ 3,000.00	\$ 3,000.00	\$ 19,287.00	\$ 19,287.00	\$ 5,000.00	\$ 5,000.00	\$ -	\$ -
4	Monthly Schedule Updates	1	IS	\$ 40,000.00	\$ 40,000.00	\$ 6,000.00	\$ 6,000.00	\$ 1,285.00	\$ 1,285.00	\$ 5,000.00	\$ 5,000.00	\$ -	\$ -
5	Allowance for Reimbursement of Permit Fees	1	AL	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
6	Allowance for Reimbursement of Work Performed on Fire Alarm System by Authority Fire Alarm Maintenance Contractor	1	AL	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00
7	Allowance for Reimbursement of Work Performed on HVAC Controls Integration by Authority HVAC Maintenance Contractor	1	AL	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
8	Allowance for Reimbursement of Work Performed on Access Control System (ACS) and CCTV by Authority Security Maintenance Contractor	1	AL	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00
9	Allowance for Relocation of Unknown Utilities and Mitigation of Unknown Conditions	1	AL	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
10					\$ -		\$ -		\$ -		\$ -		\$ -
Total Bid Schedule A				\$ 4,000,000.00		\$ 3,644,000.00		\$ 3,726,462.00		\$ 4,250,000.00		\$ 4,641,885.00	
Bid Addendums Issued / Bidder Acknowledgement of Addendums:													
1	Specification Changes					Yes		Yes		Yes		Yes	
2	Drawing Changes					Yes		Yes		Yes		Yes	
CONTRACTOR's Total Unadjusted Bid Price:				\$4,000,000.00		\$3,644,000.00		\$3,726,462.00		\$4,250,000.00		\$4,641,885.00	
Board Policy 5.12 Preference to Small, Veteran Owned, and Local Business													
Step 1 - Prime Contractor Status													
Small Business?						No		Yes		No		No	
Local Business?						No		Yes		Yes		No	
Veteran Owned Small Business?						No		No		No		No	
Step 2 - Policy 5.12 Preferences Amount Calculations													
Small Business?					\$ 109,320.00	Basis of SBE Preference							
Local Business?					\$ 72,880.00	Basis of LBE Preference							
Veteran Owned Small Business?					\$ 72,880.00	Basis of VOSB Preference							
Step 3 - Policy 5.12 Preference Goal Credit Determination													
Small Business?						Provided	Meet?	Provided	Meet?	Provided	Meet?	Provided	Meet?
Local Business?						33.75%	No	40.85%	Yes	41.13%	Yes	17.21%	No
Veteran Owned Small Business?						35.71%	Yes	30.05%	Yes	16.25%	Yes	37.64%	Yes
						0.00%	No	2.58%	No	4.22%	Yes	0.00%	No
Step 4 - Policy 5.12 Preference Application													
Small Business?						\$0.00		\$109,320.00		\$109,320.00		\$0.00	
Local Business?						\$72,880.00		\$72,880.00		\$72,880.00		\$72,880.00	
Veteran Owned Small Business?						\$0.00		\$0.00		\$72,880.00		\$0.00	
Total Preference (\$200,000 max) / Percentage of Bid (7% max)						\$72,880.00 2.00%		\$182,200.00 5.00%		\$200,000.00 5.49%		\$72,880.00 2.00%	
Total Adjusted Bid Price (w/ Policy 5.12)						\$3,571,120.00		\$3,544,262.00		\$4,050,000.00		\$4,569,005.00	

## **RESOLUTION NO. 2021-0074**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARDING A CONTRACT TO GRAHOVAC CONSTRUCTION IN THE AMOUNT OF \$3,726,462, FOR PROJECT NO. 104290, REMODEL T2E FOR ACO & HPD RELOCATIONS AT SAN DIEGO INTERNATIONAL AIRPORT

**WHEREAS**, Project No. 104290, Remodel T2E for ACO & HPD Relocations is a San Diego County Regional Airport ("Airport") Authority ("Authority") Board ("Board") approved project in the FY2022-FY2026 Capital Improvement Program ("CIP"); and

**WHEREAS**, the former Federal Inspection Station (FIS) spaces in Terminal 2 East (T2E) were vacated upon successful completion of the International Arrivals facility in June 2018; and

**WHEREAS**, these abandoned spaces offer great opportunity for locating critical Airport operations and offices closer to the terminals and improve customer service; and

**WHEREAS**, the scope of work includes renovation of the former FIS spaces, constructing new modernized Access Control Office (ACO), Security Identification Display Area (SIDA) Training Room, and Lost & Found offices for the Authority; and

**WHEREAS**, the project also addresses the future operational needs of the Harbor Police Department (HPD) by constructing new centralized HPD offices, as well as developing a warm shell space for future TSA Employees Breakroom; and

**WHEREAS**, the scope of work also supports renovation of former airline offices at Terminal 2 West by Gate 42, constructing new Airfield Operations Duty Manager (AODM) offices; and

**WHEREAS**, the entire project scope has been coordinated with the New Terminal 1 Program, with construction completion for each of the new spaces supporting the New Terminal 1 development and phasing; and

**WHEREAS**, the Request for Bids for this project was advertised on April 9, 2021; and

**WHEREAS**, on June 14, 2021, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

**WHEREAS**, Peter Vander Werff Construction, Inc., was the apparent the apparent low bidder with a bid in the amount of \$3,644,000; and

**WHEREAS**, Grahovac Construction, the second lowest bidder, with a bid of \$3,726,462 received five point(s) for achieving the small business owned goal; and

**WHEREAS**, under to Policy 5.12, Grahovac Construction's bid amount was reduced by \$182,200 to be \$3,544,262 and was the lowest bidder per the bid specifications; and

**WHEREAS**, the Authority staff has duly considered Grahovac Construction's bid, and has determined Grahovac Construction is responsible and that its bid is responsive in all material respects; and

**WHEREAS**, the Board believes that it is in the best interest of the Authority and the public that it serves to award Grahovac Construction the contract for Project No. 104290, Remodel T2E for ACO & HPD Relocations upon the terms and conditions set forth in the Bid Solicitation Package.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** awards a contract to Grahovac Construction in the amount of \$3,726,462, for Project No. 104290, Remodel T2E for ACO & HPD Relocations at San Diego International Airport; and

**BE IT FURTHER RESOLVED** that the Board authorizes the President/CEO or designee to execute and deliver such contract to Grahovac Construction; and

**BE IT FURTHER RESOLVED** that the San Diego County Regional Airport Authority and its officers, employee, 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 this resolution; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is determined to be consistent with a California Environmental Quality Act ("CEQA") Categorical Exemption 15301 - Existing Facilities - Class 1 and 15302 - Replacement or Reconstruction - Class 2; and

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

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



**Resolution No. 2021-0074**

Page 4 of 4

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1<sup>st</sup> day of July, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

**Meeting Date: July 1, 2021**

### Subject:

**Award a Contract to G&G Specialty Contractors, Inc. for Quieter Home Program Phase 11, Group 3, Project No. 381103 One Hundred and Two (102) Non-Historic Multi-Family Units on One (1) Residential Property Located West of the San Diego International Airport**

### Recommendation:

Adopt Resolution No. 2021-0075, awarding a contract to G&G Specialty Contractors, Inc., in the amount of \$2,045,240.46 for Phase 11, Group 3, Project No. 381103, of the San Diego County Regional Airport Authority's Quieter Home Program.

### Background/Justification:

The San Diego County Regional Airport Authority's ("Authority") Quieter Home Program ("Program") provides sound attenuation treatment to residences within the highest noise-impacted neighborhoods surrounding San Diego International Airport ("SDIA"). This contract for Phase 11, Group 3, project number 381103 includes installation of new acoustical windows and doors to reduce aircraft-related noise levels and provide sound attenuation to one hundred and two (102) non-historic multi-family units on one (1) residential property (this is project one of five in the Loma Palisades apartment complex in Point Loma) located west of the Airport (refer to Attachment A).

To date, the Program has completed 4,524 residences, of which 1,008 are historic and 3,516 are non-historic. 2,868 residences are located west of SDIA and 1,656 are located east of SDIA.

Project No. 381103 was advertised on April 21, 2021, and bids were opened on May 21, 2021. The following bids were received (refer to Attachment B):

Company	Total Bid
G&G Specialty Contractors, Inc.	\$2,045,240.46
S&L Specialty Construction, Inc.	\$2,117,022.46
Dynamic Contracting Services, Inc.	\$2,148,971.46
HHJ Construction	\$2,173,824.42

The lowest bid for the project is 22% higher than the Engineer's estimate of \$1,673,947.49. The contractor and major manufacturers have noted that raw material costs have had sudden and unexpected upsurges within the past few months. Supported by documentation from our window and door manufacturers, construction material costs have increased anywhere from 10% for vinyl products, to 280% for lumber. They also indicated that price increases are fluctuating on a weekly basis. Due to the uncertainty of costs, vendors are providing quotes that are only good for as little as one week to thirty days, causing manufacturers and contractors to build in additional costs to their bids to cover the pricing uncertainty. Staff discussed these price increases with the FAA, who confirmed it was consistent with what they are hearing in the industry.

Due to the recent increase in construction costs, the low bid of \$2,045,240.46 is considered responsive and G&G Specialty Contractors, Inc. is considered responsible. Award to G&G Specialty Contractors, Inc. is, therefore, recommended in the amount of \$2,045,240.46.

## Fiscal Impact:

Adequate funds for the contract with G&G Specialty Contractors, Inc. are included in the adopted FY 2022 and conceptual FY 2023 Operating Expense Budgets within the Quieter Home Program budget line item. Sources of funding include federal Airport Improvement Program grants and Passenger Facility Charges.

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Advance the Airport Development Plan | <input type="checkbox"/> Transform the Customer Journey | <input checked="" type="checkbox"/> Optimize Ongoing Business |
|---|---|---|

## Environmental Review:

- A. CEQA: This Board action is a “project” subject to the California Environmental Quality Act (“CEQA”), Pub. Res. Code §21065. The individual projects under the Quieter Home Program are part of a class of projects that are categorically exempt from CEQA: 14 Cal. Code Regs. §15301 – “Existing Facilities: Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination.”
- B. California Coastal Act Review: This Board action is a “development” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. The individual projects under the Quieter Home Program will consist of treatments to multi-family dwellings. The proposed improvements to multi-family residences are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – “Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits.”
- C. NEPA: This Board action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021 for these Quieter Home Program projects.

## 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, and Policy 5.12. These programs/policy are intended to promote the inclusion of small, local, service disabled/veteran owned small businesses, historically underrepresented businesses, and other business enterprises, on all contracts. Only one of the programs/policy named above can be used in any single contracting opportunity.

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

## Staff Report

Meeting Date: July 1, 2021

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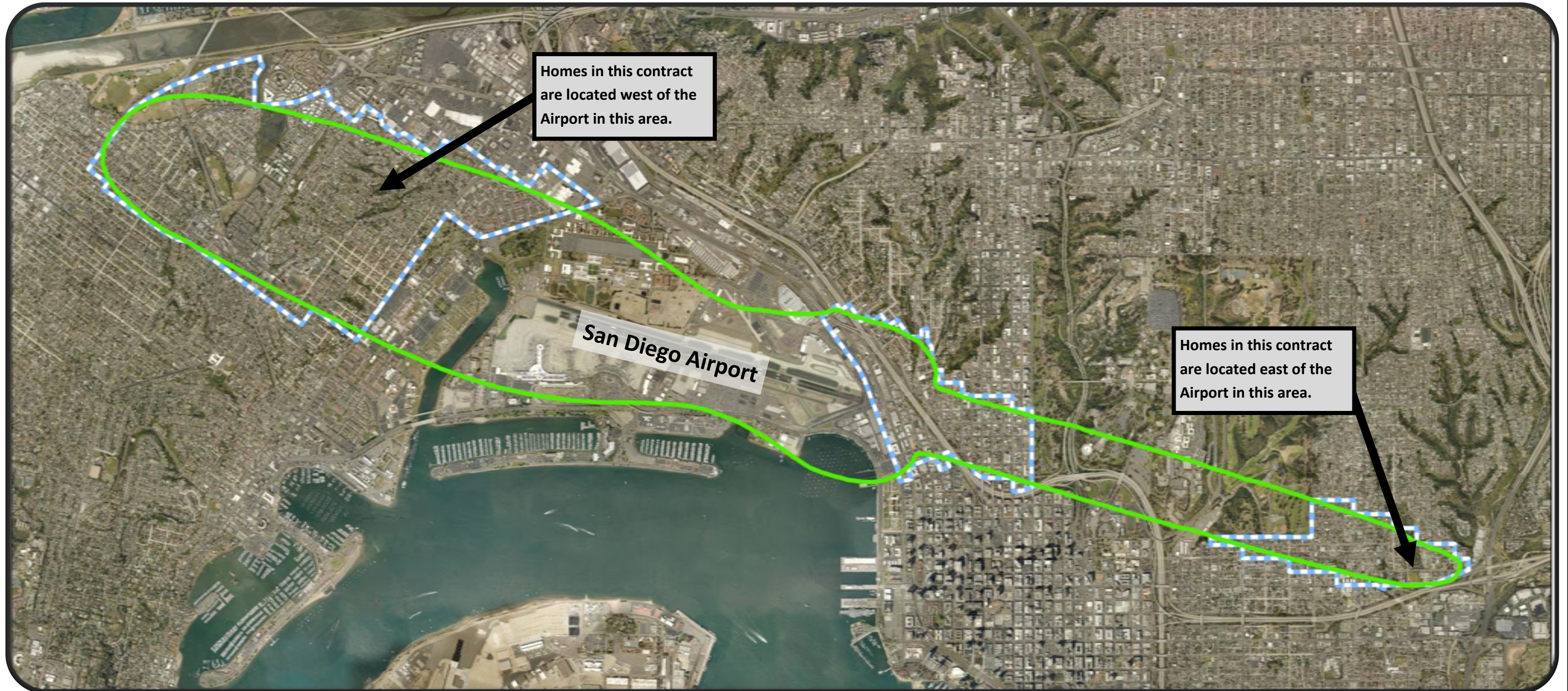
This project utilizes federal funds; therefore, it will be applied toward the Authority's overall DBE goal. G&G Specialty Contractors, Inc. proposed 0% DBE participation on QHP Phase 11, Group 3.

### **Prepared by:**



Brendan Reed  
Director, Planning & Environmental Affairs



# Attachment A



## LEGEND

-  65 dB Boundary
-  65 dB CNEL Contour

San Diego County Regional Airport Authority  
Quieter Home Program  
Project 381103



TABULATION OF BIDS

ATTACHMENT B

TITLE: QUIETER HOME PROGRAM PROJECT NO. 381103  
BIDS OPENED: May 21, 2021 at 11:00 a.m.  
ENGINEER'S ESTIMATE: \$1,673,947.49

CONTRACTOR:					Engineer's Estimate				G&G Specialty Contractors, Inc.				
ADDRESS:									1221 N. Mondel Drive, Gilbert, AZ 85233				
GUARANTEE OF GOOD FAITH:									Hartford Casualty Insurance Company				
Res No.	Bid Item Number - Name/Address			Dwelling Units	Unit of Measure	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)
381103.01	LOMA PALISADES, A CA GENERAL PARTNERSH	2835-2873 ADRIAN ST.	1	Lump Sum	\$16,544.79	\$0.00	\$0.00	\$16,544.79	\$203,556.00	\$0.00	\$0.00	\$203,556.00	
381103.01	LOMA PALISADES, A CA GENERAL PARTNERSH	2901-2923 ADRIAN ST.	1	Lump Sum	\$14,627.02	\$0.00	\$0.00	\$14,627.02	\$135,704.00	\$0.00	\$0.00	\$135,704.00	
381103.01	LOMA PALISADES, A CA GENERAL PARTNERSH	2925-2937 ADRIAN ST.	1	Lump Sum	\$16,544.79	\$0.00	\$0.00	\$16,544.79	\$131,264.00	\$0.00	\$0.00	\$131,264.00	
381007.01	LOMA PALISADES, A CA GENERAL PARTNERSH	4173-4195 ADRIAN ST.	1	Lump Sum	\$14,627.02	\$0.00	\$0.00	\$14,627.02	\$131,264.00	\$0.00	\$0.00	\$131,264.00	
381103.02	LOMA PALISADES, A CA GENERAL PARTNERSH	2801-2807 ADRIAN ST. / 3937-3985 BOB STREET	1	Lump Sum	\$16,544.79	\$0.00	\$0.00	\$16,544.79	\$271,408.00	\$0.00	\$0.00	\$271,408.00	
381103.02	LOMA PALISADES, A CA GENERAL PARTNERSH	2802-2816 BARNARD ST.	1	Lump Sum	\$14,627.02	\$0.00	\$0.00	\$14,627.02	\$135,704.00	\$0.00	\$0.00	\$135,704.00	
381103.03	LOMA PALISADES, A CA GENERAL PARTNERSH	2702-2712 ADRIAN ST.	1	Lump Sum	\$16,544.79	\$0.00	\$0.00	\$16,544.79	\$131,879.00	\$0.00	\$0.00	\$131,879.00	
381007.03	LOMA PALISADES, A CA GENERAL PARTNERSH	2714-2724 ADRIAN ST.	1	Lump Sum	\$14,627.02	\$0.00	\$0.00	\$14,627.02	\$131,879.00	\$0.00	\$0.00	\$131,879.00	
381103.03	LOMA PALISADES, A CA GENERAL PARTNERSH	2726-2736 ADRIAN ST.	1	Lump Sum	\$16,544.79	\$0.00	\$0.00	\$16,544.79	\$131,264.00	\$0.00	\$0.00	\$131,264.00	
381103.03	LOMA PALISADES, A CA GENERAL PARTNERSH	2738-2748 ADRIAN ST.	1	Lump Sum	\$14,627.02	\$0.00	\$0.00	\$14,627.02	\$131,264.00	\$0.00	\$0.00	\$131,264.00	
381103.03	LOMA PALISADES, A CA GENERAL PARTNERSH	2752-2762 ADRIAN ST.	1	Lump Sum	\$16,544.79	\$0.00	\$0.00	\$16,544.79	\$131,264.00	\$0.00	\$0.00	\$131,264.00	
381007.03	LOMA PALISADES, A CA GENERAL PARTNERSH	2764-2774 ADRIAN ST.	1	Lump Sum	\$14,627.02	\$0.00	\$0.00	\$14,627.02	\$131,264.00	\$0.00	\$0.00	\$131,264.00	
381103.03	LOMA PALISADES, A CA GENERAL PARTNERSH	2776-2786 ADRIAN ST.	1	Lump Sum	\$16,544.79	\$0.00	\$0.00	\$16,544.79	\$131,264.00	\$0.00	\$0.00	\$131,264.00	
381103.03	LOMA PALISADES, A CA GENERAL PARTNERSH	2788-2794 ADRIAN ST.	1	Lump Sum	\$14,627.02	\$0.00	\$0.00	\$14,627.02	\$89,740.00	\$0.00	\$0.00	\$89,740.00	
							Subtotal	\$1,647,425.03			Subtotal	\$2,018,718.00	
						Probable Cost for Permits:		\$26,522.46		Probable Cost for Permits:		\$26,522.46	
							TOTAL	\$1,673,947.49			TOTAL BID	\$2,045,240.46	

TABULATION OF BIDS

ATTACHMENT B

S & L Specialty Construction, Inc.				Dynamic Contracting Services, Inc.				HHJ Construction					
315 S. Franklin Street, Syracuse, NY 13202				172 Fourth Avenue, Chula Vista, CA 91910				11156 S. Main Street, Los Angeles, CA. 90061					
Liberty Mutual Insurance Company				Argonaut Insurance Company				Old Republic Surety Company					
General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)		General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)		General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)
\$210,000.00	\$0.00	\$0.00	\$210,000.00		\$220,864.00	\$0.00	\$0.00	\$220,864.00		\$252,623.76	\$0.00	\$0.00	\$252,623.76
\$140,000.00	\$0.00	\$0.00	\$140,000.00		\$149,176.00	\$0.00	\$0.00	\$149,176.00		\$168,415.84	\$0.00	\$0.00	\$168,415.84
\$135,600.00	\$0.00	\$0.00	\$135,600.00		\$130,432.00	\$0.00	\$0.00	\$130,432.00		\$126,311.88	\$0.00	\$0.00	\$126,311.88
\$135,600.00	\$0.00	\$0.00	\$135,600.00		\$133,857.00	\$0.00	\$0.00	\$133,857.00		\$126,311.88	\$0.00	\$0.00	\$126,311.88
\$280,000.00	\$0.00	\$0.00	\$280,000.00		\$295,212.00	\$0.00	\$0.00	\$295,212.00		\$336,831.68	\$0.00	\$0.00	\$336,831.68
\$140,000.00	\$0.00	\$0.00	\$140,000.00		\$148,456.00	\$0.00	\$0.00	\$148,456.00		\$168,415.84	\$0.00	\$0.00	\$168,415.84
\$135,800.00	\$0.00	\$0.00	\$135,800.00		\$134,922.00	\$0.00	\$0.00	\$134,922.00		\$126,311.88	\$0.00	\$0.00	\$126,311.88
\$135,400.00	\$0.00	\$0.00	\$135,400.00		\$135,272.00	\$0.00	\$0.00	\$135,272.00		\$126,311.88	\$0.00	\$0.00	\$126,311.88
\$136,600.00	\$0.00	\$0.00	\$136,600.00		\$135,822.00	\$0.00	\$0.00	\$135,822.00		\$126,311.88	\$0.00	\$0.00	\$126,311.88
\$135,600.00	\$0.00	\$0.00	\$135,600.00		\$134,622.00	\$0.00	\$0.00	\$134,622.00		\$126,311.88	\$0.00	\$0.00	\$126,311.88
\$135,600.00	\$0.00	\$0.00	\$135,600.00		\$134,622.00	\$0.00	\$0.00	\$134,622.00		\$126,311.88	\$0.00	\$0.00	\$126,311.88
\$135,600.00	\$0.00	\$0.00	\$135,600.00		\$134,622.00	\$0.00	\$0.00	\$134,622.00		\$126,311.88	\$0.00	\$0.00	\$126,311.88
\$136,000.00	\$0.00	\$0.00	\$136,000.00		\$134,922.00	\$0.00	\$0.00	\$134,922.00		\$126,311.88	\$0.00	\$0.00	\$126,311.88
\$98,700.00	\$0.00	\$0.00	\$98,700.00		\$99,648.00	\$0.00	\$0.00	\$99,648.00		\$84,207.92	\$0.00	\$0.00	\$84,207.92
		Subtotal	\$2,090,500.00				Subtotal	\$2,122,449.00				Subtotal	\$2,147,301.96
	Probable Cost for Permits:		\$26,522.46		Probable Cost for Permits:		\$26,522.46		Probable Cost for Permits:		\$26,522.46		
		TOTAL BID	\$2,117,022.46			TOTAL BID	\$2,148,971.46				TOTAL BID	\$2,173,824.42	



## **RESOLUTION NO. 2021-0075**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARDING A CONTRACT TO G&G SPECIALTY CONTRACTORS, INC., IN THE AMOUNT OF \$2,045,240.46 FOR PHASE 11, GROUP 3, PROJECT NO. 381103, OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY'S QUIETER HOME PROGRAM

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

**WHEREAS**, Phase 11, Group 3, of the Program will include installation of new acoustical windows and doors to reduce aircraft-related noise levels inside the homes; and

**WHEREAS**, Phase 11, Group 3, of the Program provides sound attenuation to one hundred two (102) multi-family units on one (1) non-historic residential property located west of the San Diego International Airport; and

**WHEREAS**, the Authority issued a Bid Solicitation Package for Phase 11, Group 3, on April 21, 2021; and

**WHEREAS**, on May 21, 2021, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

**WHEREAS**, the lowest bid for this project was 22% higher than the Engineer's estimate of \$1,673,947.49 due to sudden and unexpected upsurges in raw material costs in the past few months; and

**WHEREAS**, the apparent low bidder G&G Specialty Contractors, Inc. submitted a bid of \$2,045,240.46 and the Authority's staff has duly considered the bid and has determined that G&G Specialty Contractors, Inc. is responsible and its bid is responsive in all material respects; and

**WHEREAS**, the San Diego County Regional Airport Authority Board ("Board") believes that it is in the best interest of the Authority and the public that it serves to award G&G Specialty Contractors, Inc., the lowest bidder, the contract for Phase 11, Group 3, upon the terms and conditions set forth in the Bid Solicitation Package.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** awards a contract to G&G Specialty Contractors, Inc., in the amount of \$2,045,240.46 for Phase 11, Group 3, Project No. 381103, of the San Diego County Regional Airport Authority's Quieter Home Program; and

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

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

**BE IT FURTHER RESOLVED** that the Board of the San Diego County Regional Airport Authority finds that this is a "project" as defined by the California Environmental Quality Act ("CEQA"), Cal. Pub. Res. Code §21065; and is a "development," as defined by the California Coastal Act, Cal. Pub. Res. Code §30106 and that the individual Quieter Home Program projects are categorically exempt from the CEQA under Cal. Code Regs. §15301(f), "Existing Facilities," and are exempt from coastal permit requirements under Cal. Pub. Res. Code §§30610(a) and 30610(b) and 14 Cal. Code Regs. §§13250 and 13253. The FAA issued a Categorical Exclusion under the National Environmental Policy Act ("NEPA") for these Quieter Home Program projects.

**BE IT FURTHER RESOLVED** that the Board finds that this action is a “development” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. The individual projects under the Quieter Home Program will consist of treatments to single-family and multi-family dwellings. Improvements to single-family homes are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(a) and 14 Cal. Code Regs. §13250 – “Improvements to Single-Family Residences.” The proposed improvements to multi-family residences are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – “Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits.”; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021 for these Quieter Home Program projects.

**Resolution No. 2021-0075**

Page 4 of 4

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1st day of July 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

**Meeting Date:** July 1, 2021

**Subject:**

**Approve and Authorize an Increase in the President/CEO's Change Order Authority for Quieter Home Program Phase 10, Group 8, with S&L Specialty Construction, Inc.**

### Recommendation:

Adopt Resolution No. 2021-0076, approving and authorizing an increase in the President/CEO's Change Order Authority for Quieter Home Program Phase 10, Group 8, with S&L Specialty Construction, Inc., in the amount of \$180,509.04, to a new total contract value of \$2,081,865.27.

### Background/Justification:

On July 9, 2020, the San Diego County Regional Airport Authority Board ("Board") authorized the President/CEO to award and execute a contract with S&L Specialty Construction, Inc., ("Contractor") for the Quieter Home Program Phase 10, Group 8 [Resolution No. 2020-0077] for a not-to-exceed amount of \$1,744,756.23. This contract included 51 non-historic dwelling units on 50 properties.

On November 5, 2020, the San Diego County Regional Airport Authority Board ("Board") authorized an increase in the President/CEO's change order authority for Quieter Home Program Phase 10, Group 8 [Resolution No. 2020-0109] by \$156,600.00. This increase, which resulted in a new total contract amount of \$1,901,356.23, was to complete the construction of a multi-family property that was in a previous construction group and delayed due to COVID-19 concerns.

This request is to increase the value of the contract by \$180,509.04 to complete additional properties (11 dwelling units) that were in a previous construction group and requested to be delayed due to COVID-19 concerns. Additional contract increases are also required to cover increased permit costs due to an unexpected fee schedule change from the City of San Diego. The property owners are ready to proceed with construction. These properties were removed from an earlier project with the same Contractor and the Contractor has agreed to waive all fees for moving the property from the previous project to this project group and will be paid the original bid amount for these properties. Shifting these properties to this QHP project group saves money, as the Contractor is otherwise entitled to 10% of any scope of work that is removed from the original contract.

San Diego County Regional Airport Authority ("Authority") Policy 5.02 (4)(b)(ii) requires Board approval for change orders in excess of 6% of the original contract amount on contracts with a compensation amount of more than \$1,000,000.00, but less than \$5,000,000.00. As such, staff is requesting that the Board authorize the President/CEO to increase the contract value by \$180,509.04, to a new total contract value of \$2,081,865.27, to complete sound insulation at additional properties that were delayed due to homeowners' COVID-19 concerns.

## Fiscal Impact:

Adequate funds for the contract with S&L Specialty Construction, Inc. are included in the adopted FY 2022 and conceptual FY 2023 Operating Expense Budgets within the Quieter Home Program budget line item. Sources of funding include federal Airport Improvement Program grants and Passenger Facility Charges.

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

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

## Environmental Review:

A. CEQA: This Board action is a "project" subject to the California Environmental Quality Act ("CEQA"), Pub. Res. Code §21065. The individual projects under the Quieter Home Program are part of a class of projects that are categorically exempt from CEQA: 14 Cal. Code Regs. §15301 – "Existing Facilities: Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination."

- B. California Coastal Act Review: This Board action is a “development” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. The individual projects under the Quieter Home Program will consist of treatments to single-family and multi-family dwellings. Improvements to single-family homes are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(a) and 14 Cal. Code Regs. §13250 – “Improvements to Single-Family Residences.” The proposed improvements to multi-family residences are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – “Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits.”
- C. NEPA: This Board action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021 for these Quieter Home Program projects.

**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, and Policy 5.12. These programs/policy are intended to promote the inclusion of small, local, service disabled/veteran owned small businesses, historically underrepresented businesses, and other business enterprises, on all contracts. Only one of the programs/policy named above can be used in any single contracting opportunity.

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

This project utilizes federal funds; therefore, it will be applied toward the Authority's overall DBE goal. S&L Specialty Construction, Inc.’s revised proposed DBE participation on QHP Phase 10, Group 8 is 9.68%.

**Prepared by:**

Brendan Reed  
Director, Planning & Environmental Affairs

## **RESOLUTION NO. 2021-0076**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING AN INCREASE IN THE PRESIDENT/CEO'S CHANGE ORDER AUTHORITY FOR QUIETER HOME PROGRAM PHASE 10, GROUP 8, WITH S&L SPECIALTY CONSTRUCTION, INC., IN THE AMOUNT OF \$180,509.04, TO A NEW TOTAL CONTRACT VALUE OF \$2,081,865.27

**WHEREAS**, on July 9, 2020, the San Diego County Regional Airport Authority Board adopted Resolution No. 2020-0077, authorizing the President/CEO to award and execute a Contract to S&L Specialty Construction, Inc. ("Contractor") for Project 10 Group 8, at San Diego International Airport ("SDIA"); and

**WHEREAS**, on October 23, 2020, a Notice to Proceed was issued to the Contractor to complete the project construction work within 311 days, resulting in a contract end date of August 30, 2021; and

**WHEREAS**, on November 5, 2020, the San Diego County Regional Airport Authority Board adopted Resolution No. 2020-0109, authorizing the President/CEO an increase in change order authority for Quieter Home Program Phase 10, Group 8, with S&L Specialty Construction, Inc., in the amount of \$156,600.00 to a new total contract value of \$1,901,356.23; and

**WHEREAS**, two properties (11 dwelling units) with a total remaining contract value of \$156,925.79 were in a previous construction group and requested to be delayed due to COVID-19 concerns and are now ready to continue with construction at this time; and

**WHEREAS**, the City of San Diego Permitting Department had an unexpected permit fee schedule change that resulted in the actual costs of permits for this project to be over the original permit fee estimate by \$23,583.26; and



**WHEREAS**, staff requests an increase in the value of the 10.8 contract by \$180,509.04 in order to continue the planned improvements at two properties (11 dwelling units) from a previous construction group with the same Contractor that requested to be delayed due to COVID-19 concerns and to cover the increased costs of permits; and

**WHEREAS**, pursuant to San Diego County Regional Airport Authority ("Authority") Policy 5.02 (4)(b)(ii), Board approval is required to authorize the President/CEO to execute change orders increasing the value of the contract beyond 6% of the original amount on agreements with a compensation amount of more than \$1,000,000.00, but less than \$5,000,000.00; and

**WHEREAS**, the Board of the San Diego County Regional Airport Authority believes that it is in the best interest of the Authority and the public that it serves for the Board to authorize the President/CEO to increase the contract value in the amount of \$156,600 to a new total contract value of \$1,901,356.23.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves and authorizes an increase in the President/CEO's change order authority for Quieter Home Program phase 10, group 8, with S&L Specialty Construction, Inc., in the amount of \$180,509.04, to a new total contract value of \$2,081,865.27; and

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

**BE IT FURTHER RESOLVED** that the Board of the San Diego County Regional Airport Authority finds that this is a “project” as defined by the California Environmental Quality Act (“CEQA”), Cal. Pub. Res. Code §21065; and is a “development,” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106 and that the individual Quieter Home Program projects are categorically exempt from the CEQA under Cal. Code Regs. §15301(f), “Existing Facilities,” and are exempt from coastal permit requirements under Cal. Pub. Res. Code §§30610(a) and 30610(b) and 14 Cal. Code Regs. §§13250 and 13253. The FAA issued a Categorical Exclusion under the National Environmental Policy Act (“NEPA”) for these Quieter Home Program projects.

**BE IT FURTHER RESOLVED** that the Board finds that this action is a “development” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. The individual projects under the Quieter Home Program will consist of treatments to single-family and multi-family dwellings. Improvements to single-family homes are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(a) and 14 Cal. Code Regs. §13250 – “Improvements to Single-Family Residences.” The proposed improvements to multi-family residences are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – “Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits.”; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021 for these Quieter Home Program projects.

**Resolution No. 2021-0076**

Page 4 of 4

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1st day of July 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

**Meeting Date:** July 1, 2021

### Subject:

**Approve and Authorize the President/CEO to Execute a Landscape Maintenance Agreement with Aztec Landscaping, Inc.**

### Recommendation:

Adopt Resolution No. 2021-0077, approving and authorizing the President/CEO to execute a landscape maintenance service Agreement with Aztec Landscaping, Inc., for a term of three years, with the option for two (2) one-year extensions exercisable at the discretion of the President/CEO, for a total not-to-exceed compensation amount of \$3,000,000, to provide landscape maintenance services, at San Diego International Airport ("SDIA").

### Background/Justification:

On April 5, 2021, the Authority issued a Request for Proposal ("RFP") for landscape maintenance services. On May 7, 2021, the Authority received two responses to the RFP from Aztec Landscaping, Inc. ("Aztec") and Naturescape Services ("Naturescape").

Based on the services to be performed stated in the RFP, the cost for five years will not exceed \$3,000,000.

On May 19, 2021, the Authority's Evaluation Panel ("Panel"), which was comprised of two representatives from Facilities Management, two from Airside and Terminal Operations, and one from Environmental Affairs, interviewed the two respondents that were asked to provide responses to a specific list of questions which targeted the evaluation criteria presented in the RFP.

The Panel's final ranking and scoring are presented below:

<b>Final Rankings</b>	<b>Panelist 1</b>	<b>Panelist 2</b>	<b>Panelist 3</b>	<b>Panelist 4</b>	<b>Panelist 5</b>	<b>Total</b>	<b>Rank</b>
Aztec	1	1	1	1	1	5	1
Naturescape	2	2	2	2	2	10	2

Final Scores	Organization Qualifications	Project Team Qualifications	Proposed Approach	Sustain.	Fees	Small Bus.	Local	Vet.	Total
Aztec	1350	615	615	660	1250	0	100	0	4590
Naturescape	870	480	360	375	125	150	0	0	2360

Aztec has performed landscape maintenance at SDIA for the past sixteen (16) years and has met all contract requirements during each of those years. They possess the organizational structure, prior experience, and resources required to execute the services under this agreement.

Based on the Panel's evaluation of the two respondents, Aztec is determined to be qualified and staff recommends awarding the SDIA landscape maintenance service agreement for a term of three years, with the option for two one-year extensions to Aztec for a total not-to-exceed compensation amount of \$3,000,000 for five years.

## Fiscal Impact:

Adequate funding for the landscape maintenance service agreement is included in the adopted FY 2022 and conceptually approved FY 2023 Operating Expense Budgets within the Facilities Management Annual Repair and Service Contracts line item. The expense for this contract that will impact budget years not yet adopted or approved by the Board will be included in future year budget requests.

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

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

## Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Application of Inclusionary Policies:

The Authority has the following inclusionary programs and policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. These programs and policy are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/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, service disabled/veteran owned small businesses, and local businesses. Policy 5.12 provides a preference of up to seven percent (7%) 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 with Policy 5.12, the recommended firm Aztec Landscaping, Inc. did not receive small business and service disabled/veteran owned small business preference. However, they received 2% local business preference.

## Prepared by:

David Laguardia  
Director, Facilities Management

## **RESOLUTION NO. 2021-0077**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A LANDSCAPE MAINTENANCE SERVICE AGREEMENT WITH AZTEC LANDSCAPING, INC., FOR A TERM OF THREE YEARS, WITH THE OPTION FOR TWO (2) ONE-YEAR EXTENSIONS EXERCISABLE AT THE DISCRETION OF THE PRESIDENT/CEO, FOR A TOTAL NOT-TO-EXCEED COMPENSATION AMOUNT OF \$3,000,000, TO PROVIDE LANDSCAPE MAINTENANCE SERVICES, AT SAN DIEGO INTERNATIONAL AIRPORT ("SDIA")

**WHEREAS**, the Authority advertised a Request for Proposals ("RFP") on April 5, 2021, to provide landscape maintenance services; and

**WHEREAS**, on May 7, 2021, the Authority received two Proposals from Aztec Landscaping Inc., and Naturescape Services, in response to the RFP; and

**WHEREAS**, based on the services to be performed, it is estimated that the cost for five years will not exceed \$3,000,000; and

**WHEREAS**, on May 19, 2021, the Evaluation Panel ("Panel") evaluated the two respondents on the targeted criteria identified in the RFP; and

**WHEREAS**, the Panel's evaluation process determined Aztec Landscaping, Inc., to be qualified overall to perform landscape maintenance services.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves and authorizes the President/CEO to execute a landscape maintenance service agreement with Aztec Landscaping, Inc., for a term of three years, with the option for two (2) one-year extensions exercisable at the discretion of the President/CEO, for a total not-to-exceed compensation amount of \$3,000,000, to provide landscape maintenance services, at San Diego International Airport ("SDIA"); 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 significant effect on the environment as defined by the California Environmental Quality Act, as amended, 14 Cal. Code Regs. §15378; and

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

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



**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1<sup>st</sup> day of July, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

**Meeting Date:** July 1, 2021

### Subject:

**Approve and Authorize the President/CEO to Execute a Fire Alarm and Related Systems Maintenance Service Agreement with Sygnal Systems**

### Recommendation:

Adopt Resolution No. 2021-0078, approving and authorizing the President/CEO to execute a fire alarm and related systems maintenance service Agreement with Sygnal Systems, for a term of three years, with the option for two (2) one-year extensions exercisable at the discretion of the President/CEO, for a total not-to-exceed compensation amount of \$1,190,484, to provide fire alarm and related systems maintenance services, at San Diego International Airport ("SDIA").

### Background/Justification:

On February 19, 2021, the Authority issued a Request for Proposal ("RFP") for fire alarm and related systems maintenance services. On March 23, 2021, the Authority received two responses to the RFP from Sygnal Systems ("Sygnal") and Siemens Industry, Inc. ("Siemens").

Based on the services to be performed stated in the RFP, the cost for five years will not exceed \$1,190,484.

On April 26, 2021, the Authority's Evaluation Panel ("Panel"), which was comprised of four representatives from Facilities Management, interviewed the two respondents that were asked to provide responses to a specific list of questions which targeted the evaluation criteria presented in the RFP.

The Panel's final ranking and scoring are presented below:

<b>Final Rankings</b>	<b>Panelist 1</b>	<b>Panelist 2</b>	<b>Panelist 3</b>	<b>Panelist 4</b>	<b>Total</b>	<b>Rank</b>
Siemens	2	2	2	2	8	2
Sygnal	1	1	1	1	4	1

Final Scores	Organization Qualifications	Project Team Qualifications	Proposed Approach	Sustain.	Fees	Small Bus.	Local	Vet.	Total
Siemens	850	900	740	95	500	0	0	0	3085
Sygnal	675	725	720	95	1000	120	80	0	3415

Sygnal has many years of personal experience working on SDIA property. Sygnal specializes in the design, installation and service of complex commercial fire alarm systems with all technicians certified by the National Institute for Certification in Engineering Technologies. The two principal owners spent more than thirteen years working at the highest level of the industry for a Siemens Fire Products provider before forming Sygnal. Sygnal was asked to become a factory partner of Siemens Fire Products and utilizes Siemens Fire Products for all service and installation applications and has access to all products and software that Siemens Fire Products offers.

Sygnal Systems is currently the fire alarm provider for such premier properties as Northrop Grumman, all County of San Diego owned buildings and the City of Calexico and provides all system programming to SeaWorld San Diego

Based on the Panel's evaluation of the two respondents, Sygnal is determined to be qualified and staff recommends awarding the SDIA fire alarm and related systems maintenance service agreement to Sygnal for a total not-to-exceed compensation amount of \$1,190,484.

**Fiscal Impact:**

Adequate funding for the fire alarm and related systems maintenance service agreement is included in the adopted FY 2022 and conceptually approved FY 2023 Operating Expense Budgets within the Facilities Management Annual Repair and Service Contracts line item. The expense for this contract that will impact budget years not yet adopted or approved by the Board will be included in future year budget requests.

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

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

## Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Application of Inclusionary Policies:

The Authority has the following inclusionary programs and policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. These programs and policy are intended to promote the inclusion of small, local, service disabled/veteran owned small businesses, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs or policy 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, service disabled/veteran owned small businesses, and local businesses. Policy 5.12 provides a preference of up to seven percent (7%) 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 Sygnal Systems did not receive service disabled/veteran owned small business preference. However, they received small business and local business preference.

**Prepared by:**

David Laguardia  
Director, Facilities Management

## **RESOLUTION NO. 2021-0078**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A FIRE ALARM AND RELATED SYSTEMS MAINTENANCE SERVICE AGREEMENT WITH SYGNAL SYSTEMS, FOR A TERM OF THREE YEARS, WITH THE OPTION FOR TWO (2) ONE-YEAR EXTENSIONS EXERCISABLE AT THE DISCRETION OF THE PRESIDENT/CEO, FOR A TOTAL NOT-TO-EXCEED COMPENSATION AMOUNT OF \$1,190,484, TO PROVIDE FIRE ALARM AND RELATED SYSTEMS MAINTENANCE SERVICES, AT SAN DIEGO INTERNATIONAL AIRPORT ("SDIA")

**WHEREAS**, the Authority advertised a Request for Proposals ("RFP") on February 19, 2021, to provide fire alarm and related systems maintenance services; and

**WHEREAS**, on March 23, 2021, the Authority received two Proposals from Sygnal Systems and Siemens Industry, Inc., in response to the RFP; and

**WHEREAS**, based on the services to be performed, it is estimated that the cost for five years will not exceed \$1,190,484; and

**WHEREAS**, on April 26, 2021, the Evaluation Panel ("Panel") evaluated the two respondents on the targeted criteria identified in the RFP; and

**WHEREAS**, the Panel's evaluation process determined Sygnal Systems, to be qualified overall to perform fire alarm and related systems maintenance services.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves and authorizes the President/CEO to execute a fire alarm and related systems maintenance service Agreement with Sygnal Systems, for a term of three years, with the option for two (2) one-year extensions exercisable at the discretion of the President/CEO, for a total not-to-exceed compensation amount of \$1,190,484, to provide fire alarm and related systems maintenance services, at San Diego International Airport ("SDIA"); 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 significant effect on the environment as defined by the California Environmental Quality Act, as amended, 14 Cal. Code Regs. §15378; and

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

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

**Resolution No. 2021-0078**

Page 3 of 3

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1<sup>st</sup> day of July, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL



## Staff Report

Meeting Date: July 1, 2021

### Subject:

**Approve and Authorize the President/CEO to Execute an Agreement with Network Security Electronics, Inc. (NSEI), for Airport Security Systems Maintenance and Repair Services**

### Recommendation:

Adopt Resolution No. 2021-0079, approving and authorizing the President/CEO to execute an Agreement with Network Security Electronics, Inc. (NSEI), for airport security systems maintenance and repair services, in an amount not to exceed Fifteen Million Dollars (\$15,000,000) for a term of three (3) years, with the option of four (4) one-year extensions at the sole discretion of the President/CEO.

### Background/Justification:

On September 1, 2016, following a competitive solicitation, the Airport Authority entered into Agreement 210020 OS with Network Security Electronics, Inc. (NSEI), to provide maintenance, repair, and modernization services for the San Diego International Airport (SAN) Access Control System (System). The Agreement had a term of three (3) years, to end on August 31, 2019, with two (2) one-year options and a not-to-exceed value of ten million dollars (\$10,000,000). Pursuant to the Agreement, the Authority exercised the two (2) one-year options resulting in a new termination date of August 31, 2021. As of May 31, 2021, the Authority has paid NSEI a total of \$8,626,548.90 for maintenance and repairs to the System under the Agreement.

The System includes: card readers and alarm devices at more than 500 access points; biometric fingerprint readers; a digital video surveillance system with more than 1500 color and thermal imaging cameras; digital video switches and recorders; perimeter intrusion detection equipment; system hardware and software; and Systems' fiber that provides access control, alarms, video surveillance, and intrusion detection for the terminal buildings, support facilities, and airport perimeter. To date, NSEI has performed at a

superior level in complying with the existing Agreement requirements that include: maintaining adequate staffing levels, performing routine preventive and corrective maintenance, meeting one-hour response requirements, performing additional services, and providing an outstanding quality of work.

On March 26, 2021, the Authority issued a Request for Proposals (RFP) for Airport Security Systems Maintenance and Repair Services. Notice of the RFP was advertised in the *San Diego Daily Transcript* and on the Authority's website. Four-hundred twenty-one (421) firms were notified of the RFP via the Authority's vendor database and Planetbids "Bid Broadcast" feature. Thirty-nine (39) firms viewed the RFP. The services requested in the RFP include: preventive and corrective services on the Airport's access control, video surveillance, video recording, intrusion detection, and other security-related systems as mandated by regulation or necessary for the safe conduct of business. Additional services include modifications or enhancements to such systems as directed by the Authority.

On April 22, 2021, the Authority received two (2) responses to the RFP. Both proposals were determined to be responsive; and were evaluated based on: Demonstrated Experience (Firm's Experience and Personnel Experience), Preventive and Corrective Maintenance Plan, Preventive Maintenance Schedule, Staffing Plan, Cost/Fees, Sustainability, and Small Business Preference. Both respondents were invited to interview on May 17, 2021.

On May 17, 2021, Authority staff representing the Operations Division, Aviation Security and Public Safety Department, and Airport Design and Construction Department interviewed NSEI and Birdi & Associates, Inc. The Respondents were asked to provide a presentation and respond to a specific list of questions, which targeted the evaluation criteria as referenced above and as presented in the solicitation. The panel selected the top-ranking Respondent, as identified in the panelist final rankings presented below.

<b>Final Rankings</b>	<b>Panelist 1</b>	<b>Panelist 2</b>	<b>Panelist 3</b>	<b>Panelist 4</b>	<b>Panelist 5</b>	<b>Total</b>	<b>Rank</b>
Birdi & Associates, Inc.	2	2	2	2	2	10	2
Network Security Electronics, Inc.	1	1	1	1	1	5	1

Combined Scores	SB/LB/VB Preference	Cost / Fees	Sustainability	Demonstrated Experience	Preventive and Corrective Maintenance Plan	Preventive Maintenance Schedule	Staffing Plan	Total
Birdi & Associates, Inc.	150	600	90	1080	1295	180	495	3890
Network Security Electronics, Inc.	150	750	120	1269	1540	200	615	4644

NSEI's responses to staff's questions were responsive and indicated a clear understanding of the scope of work, the Authority's commitment to sustainability, as well as the required staffing needs. Additionally, NSEI's familiarity with the Authority's security systems make them uniquely qualified to assist during the critical construction and transition period of the planned Terminal 1 replacement.

The current contract term for Agreement 210020 OS ends August 31, 2021. There are no remaining options in this Agreement. This open solicitation demonstrated that NSEI remains the best provider to meet the unique requirements of the Authority and its immediate and long-term initiatives. As such, the terms and budget for the proposed Agreement are aligned with the Airport Development Plan and planned Terminal 1 replacement. Therefore, staff is recommending a new contract be awarded to NSEI for three (3) years with four (4) one-year options, at the sole discretion of the President/CEO in an amount not to exceed fifteen million dollars (\$15,000,000).

**Fiscal Impact:**

Adequate funding for Network Security Electronic, Inc. (NSEI) agreement is included in the adopted FY 2022 and conceptually approved FY 2023 Operating Expense Budgets within the Aviation Security and Public Safety Department.

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

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

### Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

### Application of Inclusionary Policies:

The Authority has the following inclusionary programs and policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. These programs and policy are intended to promote the inclusion of small, local, service disabled/veteran owned small businesses, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs or policy 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, service disabled/veteran owned small businesses, and local businesses. Policy 5.12 provides a preference of up to seven percent (7%) 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.

Policy 5.12 was applied to this solicitation. In accordance with Policy 5.12, the following firms received a small business preference: Birdi & Associates, Inc. and Network Security Electronics, Inc. (NSEI). No local business or service disabled/veteran owned small business preference applied.

**Prepared by:**

Clint L. Welch  
Director, Aviation Security and Public Safety

## **RESOLUTION NO. 2021-0079**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH NETWORK SECURITY ELECTRONICS, INC. (NSEI), FOR AIRPORT SECURITY SYSTEMS MAINTENANCE AND REPAIR SERVICES, IN AN AMOUNT NOT TO EXCEED FIFTEEN MILLION DOLLARS (\$15,000,000) FOR A TERM OF THREE (3) YEARS, WITH THE OPTION OF FOUR (4) ONE-YEAR EXTENSIONS AT THE SOLE DISCRETION OF THE PRESIDENT/CEO.

**WHEREAS**, the Airport Authority operates San Diego International Airport (SDIA) in accordance with regulations set forth by the Transportation Security Administration (TSA); and

**WHEREAS**, these regulations require the Airport Authority to conduct specific activities requiring the services of a qualified airport security systems maintenance and repair firm; and

**WHEREAS**, this firm shall provide personnel, services, and equipment under contract and at the direction of the Airport Authority to execute these specific activities; and

**WHEREAS**, on March 26, 2021, the Airport Authority issued a Request for Proposals for Airport Security Systems Maintenance and Repair Services and received two responsive proposals; and

**WHEREAS**, after completion of the competitive process, staff identified Network Security Electronics, Inc. (NSEI) as the highest ranking proposer; and

**WHEREAS**, staff recommends that Network Security Electronics, Inc. (NSEI) be awarded a contract to provide airport security systems maintenance and repair services for the San Diego International Airport (SDIA).

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves and authorizes the President/CEO to execute an Agreement with Network Security Electronics, Inc. (NSEI), for airport security systems maintenance and repair services, in an amount not to exceed Fifteen Million Dollars (\$15,000,000) for a term of three (3) years, with the option of four (4) one-year extensions at the sole discretion of the President/CEO; and

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

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

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

**Resolution No. 2021-0079**

Page 3 of 3

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1<sup>st</sup> day of July 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL



## Staff Report

**Meeting Date: July 1, 2021**

**Subject:**

**Approve a Short-Term Borrowing Program and Authorize the President/CEO to Negotiate and Execute A Revolving Credit Agreement With Bank Of America, N.A.**

**Recommendation:**

The Finance Committee recommends that the Board adopt Resolution No. 2021-0080, approving the establishment of a Short-Term Borrowing Program; authorizing the issuance and/or incurrence, from time to time, of one or more series of the Authority's Subordinate Airport Revenue Revolving Obligations in an aggregate principal amount not to exceed \$200,000,000 outstanding at any one time, in the form of a Revolving Line of Credit; approving forms of an Eighth Supplemental Subordinate Trust Indenture, a Revolving Credit Agreement, promissory notes and all related documentation and certain related matters.

**Background/Justification:**

The Authority previously maintained a \$225,000,000 short-term borrowing program, provided by US Bank and RBC Bank, that terminated in 2020. The purpose of that program was to provide a variable rate component to the Authority's debt portfolio and, when required, to provide an interim capital funding source.

The Authority has determined that it is necessary to maintain a short-term borrowing program to provide an interim capital funding source during the development and construction of the New T1. Staff estimates that the required short-term borrowing capacity needed during the development and construction of the New T1 will be \$200,000,000. This includes consideration of:

- Interim funding of the New T1 prior to the first long-term bond issuance.
- Interim funding of the New T1 between bond issuance or if the Authority could not access the Financial Markets on a timely basis.
- Potential interim funding of other projects included in the FY22-FY26 Capital Improvement Plan.
- Preservation of Authority Liquidity metrics.

A Request for Proposal (“RFP”) for a short-term borrowing facility was issued in March 2021. Twenty-seven firms viewed the RFP, and 8 proposals were received on April 5, 2021. One proposal was found non-responsive. The evaluation panel’s shortlisted rankings of the remaining seven proposals are presented below:

<b>Rankings</b>	<b>Panelist 1</b>	<b>Panelist 2</b>	<b>Panelist 3</b>	<b>Panelist 4</b>	<b>Total</b>	<b>Rank</b>
Bank of America	1	1	1	1	4	1
Barclays	5	5	5	5	20	5
City National	2	2	2	2	8	2
JP Morgan	6	6	6	6	24	6
UBS	7	7	7	7	28	7
US Bank	3	3	3	3	12	3
Wells Fargo	4	4	4	4	16	4

<b>Combined Scores</b>	<b>SB</b>	<b>Local</b>	<b>Vet.</b>	<b>Cost</b>	<b>Credit Quality</b>	<b>Termination Fee</b>	<b>Standard Agreement</b>	<b>Additional Provisions</b>	<b>Total</b>
Bank of America	0	0	0	2200	100	600	640	100	3640
Barclays	0	0	0	1100	100	0	640	100	1940
City National	0	0	0	1760	100	600	800	100	3360
JP Morgan	0	0	0	1100	100	0	240	100	1540
UBS	0	0	0	660	100	0	400	100	1260
US Bank	0	0	0	1760	100	600	320	100	2880
Wells Fargo	0	0	0	1760	100	600	80	100	2640

The four highest-ranked firms were invited to interview on May 7, 2021. The Respondents who were interviewed were asked to respond to a specific list of questions prepared by the evaluation panel, which targeted the evaluation criteria presented in the RFP. The panelists’ final rankings are presented below:

<b>Rankings</b>	<b>Panelist 1</b>	<b>Panelist 2</b>	<b>Panelist 3</b>	<b>Panelist 4</b>	<b>Total</b>	<b>Rank</b>
Bank of America	1	1	1	1	4	1
City National	2	2	2	2	8	2
US Bank	3	3	3	3	12	3
Wells Fargo	4	4	3	4	15	4

<b>Combined Scores</b>	<b>SB</b>	<b>Local</b>	<b>Vet.</b>	<b>Cost</b>	<b>Credit Quality</b>	<b>Termination Fee</b>	<b>Standard Agreement</b>	<b>Additional Provisions</b>	<b>Total</b>
Bank of America	0	0	0	2200	175	600	620	175	3770
City National	0	0	0	1760	175	600	720	175	3430
US Bank	0	0	0	1760	175	600	260	175	2970
Wells Fargo	0	0	0	1760	175	600	140	175	2850

The Authority and Bank of America, N.A., the highest-ranked respondent, have agreed to final terms of a Revolving Credit Agreement (Revolver). The Revolver will be a Subordinate Obligation (as defined in the Master Subordinate Indenture) of the Authority.

Principal Agreed Terms:

- Capacity: \$200,000,000
- Tax Exempt pricing: SIFMA+ 50 basis points (BPS) spread.
- Taxable pricing: BSBY Daily floating rate + 62 BPS spread
- Unutilized Pricing: up to 40% utilization 30 BPS. Greater than 40% utilization zero (0) BPS
- Three-year term

(**SIFMA** is an Index maintained by Municipal Market Data and is a measure of short-term tax-exempt variable rate issues

**BSBY** is an index maintained by Bloomberg and measures the average yields that banks access overnight funding)

Documents Provided to the Board for its approval:

Revolving Credit Agreement (Exhibit A)– The Short-Term Borrowing Program will initially be established pursuant to the Revolving Credit Agreement to be entered into by the Authority and Bank of America, N.A. The Revolving Credit Agreement sets forth the key terms including the three-year term, \$200 million commitment, the Authority's payment obligations, the security and pledge of subordinate net revenues with respect to the payment of the Non-AMT Note and the AMT Note and the other obligations of the Authority under the Revolver, the covenants and representations of the Authority and the events of default and remedies with respect to the Revolver.

Eighth Supplemental Subordinate Indenture (Exhibit B)– The Eighth Supplemental Subordinate Trust Indenture, which will be entered into by and between the Authority and the Subordinate Trustee (US Bank), is the financing document that will set forth the general terms of the AMT Note and the Non-AMT Note, the pledge of subordinate net revenues to repay any obligations arising under the Revolver, the redemption and repayment provisions and the establishment of certain funds and accounts.

AMT Note/Non-AMT Note/Taxable Note – (Exhibit C/D/E) The AMT Note, the Non-AMT Note and the Taxable Note are promissory notes to be executed by the Authority which will evidence the Authority's payment obligations to Bank of America, N.A., under the Revolving Credit Agreement and the Eighth Supplemental Subordinate Indenture.

Upon adoption of the attached Resolution No. 2021-0080, the Board will be approving the following:

## 1.Short-Term Borrowing Program

The establishment of a Short-Term Borrowing Program, in an aggregate principal amount not to exceed \$200,000,000 outstanding at any one time, to provide an interim funding source for the New T1 and other future capital projects.

## 2.Revolving Credit Agreement

Authorization for the President/CEO (or such other Designated Officer named in the Resolution) to execute the Revolving Credit Agreement with Bank of America, N.A.,

## 3.AMT Note, Non-AMT Note and Taxable Note

Authorization for the President/CEO (or such other Designated Officer named in the Resolution) to execute the AMT Note, Non-AMT Note and Taxable Note.

### Fiscal Impact:

The Short-Term Debt Borrowing Program will provide short-term debt financing for the New T1 and future capital projects. The cost of issuance for the program is included in the FY 2021 Approved Budget as part of the Interest expense line item. Fees and Interest expenses of the Revolver will be capitalized as Financing costs of the projects the Revolver funds and are included in Authority's Plan of Finance. These financing costs will be expensed as Debt Service costs over the life of the projects and form part of the interest expense line item in future budget requests.

### Authority Strategies/Focus Areas:

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

#### Strategies

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

#### Focus Areas

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

### Environmental Review:

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

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

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

### **Application of Inclusionary Policies:**

The Authority has the following inclusionary programs and policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. These programs and policy are intended to promote the inclusion of small, local, service disabled/veteran owned small businesses, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs or policy 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, service disabled/veteran owned small businesses, and local businesses. Policy 5.12 provides a preference of up to seven percent (7%) in the award of selected Authority contracts.

In accordance to Policy 5.12, the recommended firm Bank of America did not receive small business, local business, and service disabled/veteran owned small business preference.

### **Prepared by:**

Scott Brickner  
Vice President, Chief Financial Officer

EXHIBIT A

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REVOLVING CREDIT AGREEMENT

dated as of July [ ], 2021

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

BANK OF AMERICA, N.A.

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## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT, dated as of July [ ], 2021 (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 Bank of America, N.A. 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 first (1st) 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 \$200,000,000 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)(i) 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 \$200,000,000 at any one time.

*“AMT Note”* has the meaning set forth in Section 3.2(b) 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 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 \$200,000,000 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)(i) 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 \$200,000,000 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 (1.00%), (ii) the Federal Funds Rate in effect at such time *plus* two percent (2.00%), and (iii) seven percent (7.00%).

*“Bloomberg”* means [\_\_\_\_\_].

*“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.

*“BSBY”* means the Bloomberg Short-Term Bank Yield Index rate.

*“BSBY Computation Date”* means the second Business Day immediately preceding each Rate Reset Date.

*“BSBY Daily Floating Rate”* means, for any day, a fluctuating rate of interest per annum equal to the BSBY Screen Rate two (2) Business Days prior to such day for a term of one (1) month; *provided* that if such rate is not published on such determination date then the rate will be the BSBY Screen Rate on the first Business Day immediately prior thereto. If at any time the BSBY Daily Floating Rate or any Successor Rate is less than zero, such rate shall be deemed to be zero.

**[“BSBY Replacement Date” has the meaning set forth in Section 2.11(b) hereof.]**

*“BSBY Screen Rate”* means the Bloomberg Short-Term Bank Yield Index rate administered by Bloomberg and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Lender from time to time).

*“BSBY Term Rate”* means, for any applicable Interest Period, the rate per annum equal to the BSBY Screen Rate two (2) Business Days prior to the commencement of such Interest Period with a term equivalent to such Interest Period; *provided* that if such rate is not published on such determination date then the rate will be the BSBY Screen Rate on the first Business Day

immediately prior thereto. If at any time the BSBY Term Rate is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

*“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, rule, regulation or treaty, (b) any change in any Law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline 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, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines 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, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

*“Chief Financial Officer”* means the person at a given time who is the Chief Financial Officer 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.

*“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 July [ ], 2024, unless extended as provided herein.

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

*“Commitment Fee Rate”* means, initially 30 basis points (0.30%), which is subject to maintenance of the current Authority Rating. In the event of a change in the Authority Rating, the Commitment Fee Rate 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			COMMITMENT FEE RATE IF AVAILABLE COMMITMENT < 40% UTILIZED (%)	COMMITMENT FEE RATE IF AVAILABLE COMMITMENT > 40% UTILIZED (%)
	MOODY'S	S&P	FITCH		
Level I	A3 or higher	A- or higher	A- or higher	0.30%	0.00%
Level II	Baa1	BBB+	BBB+	0.50%	0.00%
Level III	Baa2	BBB	BBB	0.70%	0.00%
Level IV	Baa3 and below	BBB- and below	BBB- and below	2.20%	0.00%

Any change in the Commitment 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 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 Commitment Fee Rate is that specified above for Level I. In the event that any Rating is withdrawn or otherwise unavailable from any Rating Agency for credit-related reasons, the Commitment Fee Rate then in effect shall be increased by an additional one hundred fifty (150) basis points (1.50%) from the Commitment Fee Rate otherwise in effect until such rating is restored.

“*Conforming Changes*” means, with respect to the use, administration of or any conventions associated with BSBY or any proposed Successor Rate, as applicable, any conforming changes to the definition of BSBY Term Rate, BSBY Daily Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters (including, for the avoidance of doubt, the definition of Business Day, timing of borrowing requests or prepayment, conversion or continuation notices and length of lookback periods) as may be appropriate, in the discretion of the Lender, to reflect the adoption and implementation of such applicable rate, and to permit the administration thereof by the Lender in a manner substantially consistent with market practice (or, if the Lender determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such rate exists, in such other manner of administration as the Lender determines is reasonably necessary in connection with the administration of this Agreement and any other Related Document).



“*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.

“*Daily Simple SOFR*” with respect to any applicable determination date means the secured overnight financing rate (“*SOFR*”) published on such date by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s website (or any successor source).

“*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* four percent (4.00%).

“*Designated Representative*” has the meaning set forth in the Eighth 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 or any Lender Transferee notifies the Authority that it has received a written opinion by a nationally recognized firm of attorneys with substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the Authority of such notification from the Lender or Lender Transferee, the Authority shall deliver to the Lender or such Lender Transferee, as applicable, a ruling or

determination letter issued to or on behalf of the Authority by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Authority shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of the Authority, 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 a Lender or any Lender Transferee 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 such Lender Transferee the interest on the Tax-Exempt Loans due to the occurrence of an Event of Taxability;

*provided, however*, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Authority has been afforded the reasonable 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; *provided further*, however, that upon demand from a Lender or a Lender Transferee, the Authority shall promptly reimburse the Lender or such Lender Transferee for any payments, including any taxes, interest, penalties or other charges, the Lender (or Lender Transferee) 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 July [ ], 2021, subject to the satisfaction or waiver by the Lender of the conditions precedent set forth in Section 2.4(a) hereof.

“Eighth Supplemental Subordinate Trust Indenture” means that certain Eighth Supplemental Subordinate Trust Indenture, dated as of July 1, 2021, 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.

“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 hereof 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 any Tax-Exempt Loans) 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 the Lender or a Lender Transferee 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 (or any other government agency exercising the same or a substantially similar function from time to time), 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 the Lender or such Lender Transferee for federal income tax purposes, other than for a period during which the Lender or Lender Transferee 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 the Lender’s or a Lender Transferee’s particular tax status.

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

*“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.

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

*“Initial Commitment Amount”* means \$[200,000,000].

*“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 (a) with respect to a Tax-Exempt Loan that bears interest at the SIFMA Rate, the SIFMA Index Interest Period, and (b) with respect to any Loan (other than a Tax-Exempt Loan that bears interest at the SIFMA Rate), 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 Bank of America, N.A. 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 percent (1.00%); *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.

*“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.

*“London Business Day”* means any day on which dealings in United States dollar deposits are conducted by and between banks in the London interbank eurodollar market.

*“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 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 the Lender or a Lender Transferee 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 Rate*” means the lesser of (a) the maximum non-usurious interest rate payable by the Authority under applicable law, and (b) 12% per annum.

“*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 \$200,000,000 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)(i) 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 \$200,000,000 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.

*“Quarterly Payment Date”* means the first Business Day of each January, April, July and October, commencing on [\_\_\_\_], 2021.

*“Rate Reset Date”* means (a) with respect to a Tax-Exempt Loan that bears interest at the SIFMA Rate, each SIFMA Rate Reset Date, (b) with respect to a Taxable Loan that bears interest at the Taxable BSBY Daily Rate, each Business Day and (c) with respect to any Taxable Loan (other than a Taxable Loan that bears interest at the Taxable BSBY Daily Rate), the first Business Day of each calendar month<sup>1</sup>.

*“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.

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<sup>1</sup> NTD: The Bank is willing to discuss adding 3 and 6 month BSBY if desired.

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

*“Relevant Governmental Body”* means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

*“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 Eighth Supplemental Subordinate Trust Indenture and includes all Loans, Advances and Notes.

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

*“Scheduled Unavailability Date”* has the meaning set forth in Section 2.11(b) 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.

*“SIFMA”* means the Securities Industry and Financial Markets Association (formerly the Bond Market Association).

*“SIFMA Computation Date”* means Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day.

*“SIFMA Index”* means, for any SIFMA Computation Date, the level of the index which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by SIFMA and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day. If the SIFMA Index is no longer published, then *“SIFMA Index”* shall mean the S&P Municipal Bond 7-Day High Grade Index. If the S&P Municipal Bond 7-Day High Grade Index is no longer published, *“SIFMA Index”* shall mean a comparable or successor index reasonably selected and approved by the Bank; *provided* that, to the extent a comparable or successor index is approved by the Lender, in connection herewith, the approved index shall be applied in a manner consistent with market practice; *provided, further* that, to the extent such market practice is not administratively feasible for the Lender, such approved index shall be applied in a manner as otherwise reasonably determined by Bank of America, N.A. If the SIFMA Index shall be less than zero basis points (0.0%), such rate shall be deemed zero basis points (0.0%) for purposes hereof.

*“SIFMA Index Interest Period”* means, while any Tax-Exempt Loan bears interest at the SIFMA Rate, the period from (and including) the Advance Date of such Tax-Exempt Loan to and including the day prior to the next succeeding SIFMA Rate Reset Date, and thereafter shall mean the period from (and including) the applicable SIFMA Rate Reset Date through and including the day prior to the next succeeding SIFMA Rate Reset Date.

*“SIFMA Rate”* means a fluctuating rate per annum, determined as of each applicable SIFMA Rate Reset Date, equal to the sum of (a) the Tax-Exempt Applicable Spread *plus* (b) the SIFMA Index, as established on each SIFMA Computation Date and as in effect on such SIFMA Rate Reset Date, rounded upward to the fifth decimal place.

*“SIFMA Rate Reset Date”* means Thursday of each week.

*“SOFR Adjustment”* with respect to Daily Simple SOFR means 0.11448% (11.448 basis points); and with respect to Term SOFR means 0.11448% (11.448 basis points) for an interest period of one-month’s duration.

*“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 Eighth Supplemental Subordinate Trust Indenture.

*“Successor Rate”* has the meaning specified in Section 2.11(b) hereof.

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

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

“*Tax Certificate*” means that certain Tax Compliance Certificate dated July [ ], 2021, 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 50 basis points (0.50%), 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	A3 or higher	A- or higher	A- or higher	0.50%
Level II	Baa1	BBB+	BBB+	0.70%
Level III	Baa2	BBB	BBB	0.90%
Level IV	Baa3 and below	BBB- and below	BBB- and below	2.40%

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. In the event that any Rating is withdrawn or otherwise unavailable from any Rating Agency for credit-related reasons, the Tax-Exempt Applicable Spread then in effect shall be increased by an additional one hundred fifty (150) basis points (1.50%) from the Tax-Exempt Applicable Spread otherwise in effect until such rating is restored.

“*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 Applicable Spread*” means, initially 62 basis points (0.62%), 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 BASIS POINTS (%)
	MOODY’S	S&P	FITCH	
Level I	A3 or higher	A- or higher	A- or higher	0.62%
Level II	Baa1	BBB+	BBB+	0.82%
Level III	Baa2	BBB	BBB	1.02%
Level IV	Baa3 and below	BBB- and below	BBB- and below	2.52%

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. In the event that any Rating is withdrawn or otherwise unavailable from any Rating Agency for credit-related reasons, the Taxable Applicable Spread then in effect shall be increased by an additional one hundred fifty (150) basis points (1.50%) from the Taxable Applicable Spread otherwise in effect until such rating is restored.

*“Taxable BSBY Daily 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) BSBY Daily Floating Rate, as in effect on such Rate Reset Date, rounded upward to the fifth decimal place.

*“Taxable BSBY Term 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) BSBY Term Rate, as in effect on such Rate Reset Date, rounded upward to the fifth decimal place.

*“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 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 \$200,000,000 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)(i) 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 \$200,000,000 at any one time.

*“Taxable Note”* has the meaning set forth in Section 3.2(c) hereof.

*“Taxable Period”* has the meaning set forth in Section 6.3(i) hereof.

*“Taxable Rate”* means the Taxable BSBY Daily Rate or Taxable BSBY Term Rate, as applicable.

*“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 2.8 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.

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

*“Term SOFR”* means, for the applicable corresponding Interest Period of SOFR (or if any Interest Period does not correspond to an interest period applicable to SOFR, the closest corresponding interest period of SOFR, and if such interest period of SOFR corresponds equally to two Interest Periods of SOFR, the corresponding interest period of the shorter duration shall be applied) the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

*“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.

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

*Section 1.4. 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 1.4, 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 \$100,000 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 a SIFMA 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 BSBY Daily Rate or Taxable BSBY Term Rate, as applicable, 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, prepay pursuant to Section 3.5 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 SIFMA Rate, Taxable BSBY Daily Rate, or Taxable BSBY Term 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 Eighth Supplemental Subordinate Trust Indenture, certified by the Director, Board Services/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, 2020 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 Eighth 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, 2020 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 Eighth 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, 2020, including the balance sheet as of such date of said period, all examined and reported on by **[BKD, 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, 2020, 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 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 Eighth 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 Eighth 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 Eighth 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 S&P and Fitch confirming that the underlying unenhanced long-term ratings assigned to the Subordinate Obligations are “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 nor 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*”) accruing at the Commitment Fee Rate multiplied by the daily Available Commitment in effect on each day during the preceding quarterly period, payable quarterly in arrears on each Quarterly Payment Date and on the Commitment Expiration Date. The Commitment Fee shall be calculated on the basis of a 360-day year and actual days elapsed.

(b) *Reserved.*

(c) *Reserved.*

(d) *Reserved.*

(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 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) a fee for each amendment to this Agreement or any other Related Document or any consent or waiver by the Lender with respect to any Related Document, in each case, in a minimum amount of \$2,500 plus the reasonable fees and expenses of counsel to the Lender; (v) 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, (vi) 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, and (vii) any fee(s) payable to the California Debt and Investment Advisory Commission by the Lender with respect to an Advance. 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,

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, 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) 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) 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.

*Section 2.11. Inability to Determine Rates.*

(a) If in connection with any request for a Taxable Loan that bears interest at the Taxable Rate or a conversion to or continuation thereof, as applicable, (i) the Lender determines (which determination shall be conclusive absent manifest error) that (A) no Successor Rate has been determined in accordance with Section 2.11(b) hereof, and the circumstances under clause (i) of Section 2.11(b) hereof or the Scheduled Unavailability Date has occurred (as applicable), or (B) adequate and reasonable means do not otherwise exist for determining the BSBY Daily Rate or BSBY Term Rate for any requested Interest Period with respect to a proposed Taxable Loan that bears interest at the Taxable Rate, or (ii) the Lender determines that for any reason that the BSBY Daily Rate or BSBY Term Rate for any requested Interest Period with respect to a proposed Taxable Loan that bears interest at the Taxable Rate does not adequately and fairly reflect the cost to the Lender of funding such Taxable Loan that bears interest at the Taxable Rate, the Lender will promptly so notify the Authority. Thereafter, the obligation of the Lender to make or maintain Taxable Loans that bears interest at the Taxable Rate shall be suspended (to the extent of the affected Taxable Loan that bears interest at the Taxable Rate or Interest Periods. Upon receipt of such notice, (i) the Authority may revoke any pending request for a Request for Advance of, or conversion to or continuation of Taxable Loan that bears interest at the Taxable Rate (to the extent of the affected Taxable Loan that bears interest at the Taxable Rate or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Request for Advance of a Loan that bears interest at the Base Rate (without giving effect to clause (c) hereof) in the amount specified therein and (ii) any outstanding Taxable Loan that bears interest at the Taxable Rate shall be deemed to have been converted to a Loan that bears interest at the Base Rate (without giving effect to clause (c) hereof) immediately at the end of their respective applicable Interest Period.

(b) Notwithstanding anything to the contrary in this Agreement or any other Related Documents, if the Lender determines (which determination shall be conclusive absent manifest error), or the Authority notifies the Lender that the Authority has determined, that:

(i) adequate and reasonable means do not exist for ascertaining one month interest period of BSBY, including, without limitation, because the BSBY Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) Bloomberg or any successor administrator of the BSBY Screen Rate or a Governmental Authority having or purporting to have jurisdiction over the Lender or Bloomberg or such administrator has made a public statement identifying a specific date after which a one month interest periods of BSBY or the BSBY Screen Rate shall or will no longer be representative or made available, or used for determining the interest rate of loans, or shall or will otherwise cease, provided that, at the time of such statement, there is no successor administrator that is satisfactory to the Lender, that will continue to provide such representative interest periods of BSBY after such specific date (the latest date on which the BSBY Interest Period or the BSBY Screen Rate are no longer representative or available permanently or indefinitely, the “*Scheduled Unavailability Date*”);

then, on a date and time determined by the Lender (any such date, the “*BSBY Replacement Date*”), which date shall be at the end of an Interest Period or on the relevant interest payment date, as applicable, for interest calculated and, solely with respect to clause (ii) above, no later than the Scheduled Unavailability Date, BSBY will be replaced hereunder and under any Related Document with, subject to the proviso below, the first available alternative set forth in the order below for any payment period for interest calculated that can be determined by the Lender, in each case, without any amendment to, or further action or consent of any other party to, this Agreement or any other Related Document (the “*Successor Rate*”):

(x) Term SOFR *plus* the SOFR Adjustment; and

(y) Daily Simple SOFR *plus* the SOFR Adjustment;

*provided* that, if initially BSBY is replaced with the rate contained in clause (y) above (Daily Simple SOFR plus the SOFR Adjustment) and subsequent to such replacement, the Lender determines that Term SOFR has become available and is administratively feasible for the Lender in its sole discretion, and the Lender notifies the Authority of such availability, then from and after the beginning of the Interest Period, relevant interest payment date or payment period for interest calculated, in each case, commencing no less than thirty (30) days after the date of such notice, the Successor Rate shall be Term SOFR *plus* the SOFR Adjustment.

If the Successor Rate is Daily Simple SOFR plus the SOFR Adjustment, all interest payments will be payable on a [monthly] [quarterly] basis.

Notwithstanding anything to the contrary herein, (i) if the Lender determines that neither of the alternatives set forth in clauses (x) and (y) above are not available on or prior to the BSBY

Replacement Date or (ii) if the events or circumstances of the type described in Section 2.11(b)(i) hereof or (ii) have occurred with respect to the Successor Rate then in effect, then in each case, the Lender and the Authority may amend this Agreement solely for the purpose of replacing BSBY or any then current Successor Rate in accordance with this Section 2.11 at the end of any Interest Period, relevant interest payment date or payment period for interest calculated, as applicable, with another alternate benchmark rate giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated credit facilities for such alternative benchmarks and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated credit facilities for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Lender from time to time in its reasonable discretion and may be periodically updated. For the avoidance of doubt, any such proposed rate and adjustments shall constitute a Successor Rate.

The Lender will promptly (in one or more notices) notify the Authority of the implementation of any Successor Rate.

Any Successor Rate shall be applied in a manner consistent with market practice; *provided* that to the extent such market practice is not administratively feasible for the Lender, such Successor Rate shall be applied in a manner as otherwise reasonably determined by the Lender.

Notwithstanding anything else herein, if at any time any Successor Rate as so determined would otherwise be less than 0%, the Successor Rate will be deemed to be 0% for the purposes of this Agreement and the other Related Documents.

In connection with the implementation of a Successor Rate, the Lender will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Related Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement; *provided* that, with respect to any such amendment effected, the Lender shall provide each such amendment implementing such Conforming Changes to the Authority reasonably promptly after such amendment becomes effective.

### 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 SIFMA Rate for such SIFMA Index Interest Period. Each Taxable Loan shall bear interest at a rate per annum equal to the applicable Taxable BSBY Daily Rate or Taxable BSBY Term Rate for such Interest Period. The SIFMA Rate for a particular Advance relating to an AMT Loan or a Non-AMT Loan shall be determined by the Lender on each SIFMA Computation Date prior to the related Advance, commencing on and including the first day of the applicable SIFMA Index Interest Period to and including the last day of such SIFMA Index Interest Period. The Taxable BSBY Daily Rate or Taxable BSBY Term Rate, as applicable, for a particular Advance relating to a Taxable Loan shall be determined by the Lender on each BSBY Computation Date prior to the related Advance Date,

commencing on and including the first day of the applicable Interest Period to and including the last day of such Interest Period. Following the determination of the initial rate, the applicable SIFMA Rate or applicable Taxable BSBY Daily Rate or Taxable BSBY Term Rate for the next succeeding Interest Period, as applicable, shall be determined by the Lender on the BSBY Computation Date or SIFMA Computation Date, as applicable, immediately succeeding the Advance Date, and such rate shall be effective on the immediately succeeding Rate Reset Date, as applicable. Thereafter, the applicable SIFMA Rate or applicable Taxable BSBY Daily Rate or Taxable BSBY Term Rate for the next succeeding Interest Period, as applicable, shall be determined by the Lender on the applicable BSBY Computation Date or SIFMA Computation Date, as applicable, and such rate shall be effective on the immediately succeeding Rate Reset Date or SIFMA Rate Reset Date, as applicable. 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.

*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 Indemnitee for damages that the Authority proves were caused solely out of the gross negligence or willful misconduct of such Indemnitee, as determined by a court of competent jurisdiction, and (ii) the Authority shall have a claim against the Lender, and the Lender shall be liable to the Authority, to the extent of any direct, as opposed to special, indirect, consequential, damages suffered by the Authority which the Authority proves were caused solely by such Indemnitee's gross negligence or willful misconduct, as determined by a court of competent jurisdiction.

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

*Section 6.3. Taxable Gross-up.* (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.* If any payments to the Lender under this Agreement are made from outside the United States, the Authority will not deduct any foreign taxes from any payments it makes to the Lender. If any such taxes are imposed on any payments made by the Authority (including payments under this paragraph), the Authority will pay the taxes and will also pay to the Lender, at the time interest is paid, any additional amount which such Lender specifies as necessary to preserve the after-tax yield such Lender would have received if such taxes had not been imposed. As soon as practicable after any payment of taxes by the Authority to a Governmental Authority, as provided in this Section 6.4, the Authority will deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

*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, 2020. 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, 2020, 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 Lender 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 Eighth 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. 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 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 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 BSBY Daily Rate, the Taxable BSBY Term Rate, the SIFMA 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.

*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 two hundred and forty (240) 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 Chief Financial Officer 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) reserved;

(c) as soon as available, but in any event within ninety (90) 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 twenty (20) 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 Eighth 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 8.21. 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 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 8.22. 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 issued or incurred pursuant to such Bank Agreement 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 issued or incurred pursuant to such Bank Agreement 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 8.23. 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 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 or S&P).

*Section 8.24. 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 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 8.25. 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 8.26. 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 SIFMA plus a spread (such spread shall not be identified), the BSBY Daily Floating Rate or the BSBY Term Rate plus a spread (such spread shall not be identified) or a benchmark other than BSBY Daily Floating Rate or BSBY Term Rate plus a spread (such spread shall not be identified), that the Authority's obligations under this Agreement are secured by Subordinate Net Revenues, the events of default and remedies set forth in this Agreement and refer to the posting of a redacted version of this Agreement on EMMA, 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 8.27. 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 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 8.28. 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 Lender (any such provision described in (i) or (ii) referred to herein as a “*Section 8.28 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 8.28 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 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 8.28 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 8.28 Bank Agreement Provision, even if the Authority fails to provide the Lender with a copy of such Bank Agreement containing the Section 8.28 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 \$35,000,000 (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 one hundred twenty (120) 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 8.27 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 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 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;

(ii) 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;

(iii) 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

(iv) 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.

*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, Chief Financial Officer  
Telephone: (619) 400-2802

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

The Lender:

Bank of America, N.A.

\_\_\_\_\_

\_\_\_\_\_

Attention: \_\_\_\_\_

Telephone: \_\_\_\_\_

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

*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, Bank of America, N.A. 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 Notes 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, Bank of America, N.A. (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.

(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.

(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.

(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.

*Section 11.12. Electronic Execution of Certain Documents.* This Agreement and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Agreement (each a “Communication”), including Communications required to be in writing, may, if agreed by the Lender, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. The Authority agrees that any Electronic Signature (including, without limitation, facsimile or .pdf) on or associated with any Communication shall be valid and binding on the Authority to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered to the Lender. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Lender of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Lender may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record (“*Electronic Copy*”), which shall be deemed created in the ordinary course of the Lender’s business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Lender is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Lender pursuant to procedures approved by it; *provided, further*, without limiting the foregoing,

(a) to the extent the Lender has agreed to accept such Electronic Signature, the Lender shall be entitled to rely on any such Electronic Signature without further verification and (b) upon the request of the Lender any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

[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: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Approved as to form:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BANK OF AMERICA, N.A.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A-1**

**[FORM OF NON-AMT NOTE]**

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE “NOTEHOLDER REPRESENTATIONS” ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES A  
GOVERNMENTAL PURPOSE/NON-AMT NOTE**

Dated: **[Closing Date]** \$ \_\_\_\_\_

For value received, the San Diego County Regional Airport Authority (the “*Authority*”) promises to pay to the order of Bank of America, N.A., and its successors and assigns (the “*Lender*”), located at \_\_\_\_\_, the aggregate unpaid principal amount of all Non-AMT Revolving Loans and Non-AMT Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of \_\_\_\_\_ 1, 2021 (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 Eighth Subordinate Trust Indenture dated as of \_\_\_\_\_, 2021 (the “*Eighth 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 Eighth Subordinate Trust Indenture.

Date of Authentication: **[Closing Date]**

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  
PRIVATE ACTIVITY/AMT NOTE**

Dated: **[Closing Date]** \$ \_\_\_\_\_

For value received, the San Diego County Regional Airport Authority (the “*Authority*”) promises to pay to the order of Bank of America, N.A., and its successors and assigns (the “*Lender*”), located at \_\_\_\_\_, the aggregate unpaid principal amount of all AMT Revolving Loans and AMT Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of \_\_\_\_\_ 1, 2021 (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 Eighth Subordinate Trust Indenture dated as of \_\_\_\_\_ 1, 2021 (the “*Eighth 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 Eighth Subordinate Trust Indenture.

Date of Authentication: **[Closing Date]**

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 B  
AMT NOTE**

DATE	TAXABLE LOAN COMMITMENT	INTEREST RATE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	NOTATION MADE BY
------	----------------------------	------------------	--------------------------------	--------------------------------------	---------------------

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

---

Please insert Social Security or  
Taxpayer Identification Number of Transferee

/ \_\_\_\_\_ /

---

(Please print or typewrite name and address, including zip code, of Transferee)

---

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

---

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

---

NOTICE: Signature(s) must be  
guaranteed by a member or participant  
of a signature guarantee program

---

NOTICE: The signature above must  
correspond with the name of the Owner as it  
appears upon the front of this Note in every  
particular, without alteration or enlargement  
or change whatsoever.



**EXHIBIT A-3**

**[FORM OF TAXABLE NOTE]**

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE “NOTEHOLDER REPRESENTATIONS” ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES C  
TAXABLE NOTE**

Dated: **[Closing Date]** \$ \_\_\_\_\_

For value received, the San Diego County Regional Airport Authority (the “*Authority*”) promises to pay to the order of Bank of America, N.A., and its successors and assigns (the “*Lender*”), located at \_\_\_\_\_, the aggregate unpaid principal amount of all Taxable Revolving Loans and Taxable Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of \_\_\_\_\_ 1, 2021 (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 Eighth Subordinate Trust Indenture dated as of \_\_\_\_\_ 1, 2021 (the “*Eighth 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 Eighth Subordinate Trust Indenture.

Date of Authentication: **[Closing Date]**

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
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ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

---

Please insert Social Security or  
Taxpayer Identification Number of Transferee

/ \_\_\_\_\_ /

---

(Please print or typewrite name and address, including zip code, of Transferee)

---

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

---

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

---

NOTICE: Signature(s) must be  
guaranteed by a member or participant  
of a signature guarantee program

---

NOTICE: The signature above must  
correspond with the name of the Owner as it  
appears upon the front of this Note in every  
particular, without alteration or enlargement  
or change whatsoever.

## EXHIBIT B

### [FORM OF REQUEST FOR ADVANCE]

#### REQUEST FOR ADVANCE AND REVOLVING LOAN

Bank of America, N.A.

Ladies and Gentlemen:

The undersigned, a Designated Representative, refers to the Revolving Credit Agreement, dated as of \_\_\_\_\_ 1, 2021 (together with any amendments or supplements thereto, the “*Agreement*”), by and between the San Diego County Regional Airport Authority (the “*Authority*”) and Bank of America, N.A. (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]**<sup>2</sup>. The Proposed Advance shall constitute **[an AMT Loan bearing interest at the SIFMA Rate] [a Non-AMT Loan bearing interest at the SIFMA Rate] [a Taxable Loan bearing interest at the [Taxable BSBY Daily Rate] [Taxable BSBY Term Rate]]**.
5. **[For a Proposed Advance that will be a Non-AMT Loan bearing interest at the SIFMA Rate:]** The principal amount of the Proposed Advance set forth in

---

<sup>2</sup> With respect to an Advance for an AMT Revolving Loan, \_\_\_\_\_, 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, \_\_\_\_\_, 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.

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 SIFMA 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 BSBY Daily Rate] [Taxable BSBY Term 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 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]**

Bank of America, N.A.

Ladies and Gentlemen:

Reference is made to the Revolving Credit Agreement dated as of \_\_\_\_\_ 1, 2021 (together with any amendments or supplements thereto, the "*Agreement*") by and between the undersigned, the San Diego County Regional Airport Authority (the "*Authority*") and Bank of America, N.A. (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, Chief Financial Officer

Ladies and Gentlemen:

We refer to the Revolving Credit Agreement dated as of \_\_\_\_\_ 1, 2021 (together with any amendments or supplements thereto, the “*Agreement*”) by and between the San Diego County Regional Airport Authority (the “*Authority*”) and the undersigned, Bank of America, N.A. 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,

BANK OF AMERICA, N.A.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT E

[FORM OF NOTICE OF TERMINATION OR REDUCTION]

NOTICE OF TERMINATION OR REDUCTION

[Date]

Bank of America, N.A.

Ladies and Gentlemen:

Re: Revolving Credit Agreement dated as of \_\_\_\_\_ 1, 2021

The San Diego County Regional Airport Authority (the "*Authority*"), through its undersigned, an Authorized Authority Representative, hereby certifies to Bank of America, N.A. (the "*Lender*"), with reference to the Revolving Credit Agreement dated as of \_\_\_\_\_ 1, 2021 (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: \_\_\_\_\_

**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, Chief Financial Officer

Ladies and Gentlemen:

We hereby notify you that pursuant to Section 2.7(a) of the Revolving Credit Agreement, dated as of \_\_\_\_\_ 1, 2021, by and between the undersigned, the San Diego County Regional Airport Authority (the “*Authority*”) and Bank of America, N.A. (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,

BANK OF AMERICA, N.A.

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, Chief Financial Officer

Ladies and Gentlemen:

We hereby notify you that pursuant to Section 2.8 of the Revolving Credit Agreement, dated as of \_\_\_\_\_ 1, 2021, by and between the San Diego County Regional Airport Authority (the “*Authority*”) and the undersigned, Bank of America, N.A. (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,

BANK OF AMERICA, N.A.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged as of \_\_\_\_\_, \_\_\_\_\_ by

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



EXHIBIT B

---

**EIGHTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE**

by and between

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**

and

**U.S. BANK NATIONAL ASSOCIATION**  
as Trustee

Relating to

Relating to

\$200,000,000  
San Diego County Regional Airport Authority  
Subordinate Airport Revenue Revolving Obligations

Dated as of July [●], 2021

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## EIGHTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE

**THIS EIGHTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE** (this “*Eighth Supplemental Subordinate Indenture*”), dated as of July [●], 2021, 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, as amended (the “*Master Subordinate Indenture*”), by and between the Authority and the Trustee.

WHEREAS, the Master Subordinate Indenture provides, in Section 2.09 thereof, for the issuance of Subordinate Obligations (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), to finance certain costs of issuance related to the issuance and/or incurrence of the hereinafter defined Revolving Obligations, and for other financing needs of the Authority (including, but not limited to, the refunding and restructuring of indebtedness of the Authority), by execution and delivery of this Eighth Supplemental Subordinate Indenture and in compliance with the provisions of the Master Subordinate Indenture, sets forth the terms of its San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations (the “*Revolving Obligations*”), in an aggregate authorized principal amount of not to exceed \$200,000,000 at any one time outstanding, provides for the deposit and use of the proceeds of the Revolving Obligations and makes other provisions relating to the Revolving Obligations; and

WHEREAS, the Revolving Obligations are being issued as Subordinate Obligations as provided for in Section 2.09 of the Master Subordinate Indenture.

### GRANTING CLAUSE

In order to secure the payment of the Revolving Obligations (including the Revolving Loans and the Term Loans), the Notes and the other Obligations, the Authority hereby pledges, assigns and grants to the Lender and the other holders of the Notes all of the liens, rights, interests and privileges set forth in the Granting Clause of, and elsewhere, in the Master Subordinate Indenture. To secure further the payment of the Revolving Obligations, the Revolving Loans, the Term Loans, the Notes and the other Obligations, the Authority in furtherance of the Master Subordinate Indenture hereby pledges and grants to the Lender and the other holders of the Notes a lien on and security interest in and assigns to the Lender and the other holders of the Notes all right, title and interest of the Authority, except as otherwise provided herein, in and to (a) the Revolving Obligation Construction Fund (as hereinafter defined) and all moneys and securities

held from time to time therein, (b) the AMT Revolving Obligation Debt Service Fund (as hereinafter defined) and all moneys and securities held from time to time therein, (c) the Non-AMT Revolving Obligation Debt Service Fund (as hereinafter defined) and all moneys and securities held from time to time therein, and (d) the Taxable Revolving Obligation Debt Service Fund (as hereinafter defined) and all moneys and securities held from time to time therein

## ARTICLE I

### DEFINITIONS; INTERPRETATIONS

**Section 1.01. Definitions.** The following definitions shall apply to terms used in this Eighth Supplemental Subordinate Indenture unless the context clearly requires otherwise. Capitalized terms not otherwise defined in this Section 1.01 or elsewhere in this Eighth Supplemental Subordinate Indenture shall have the same meanings as set forth in the Master Subordinate Indenture.

*“Account”* means an account established within a fund related to an Advance.

*“Advance”* has the meaning given to such term in the Credit Agreement.

*“Amortization End Date”* has the meaning given to such term in the Credit Agreement.

*“AMT Loan”* and *“AMT Loans”* has the meaning given to such term in the Credit Agreement.

*“AMT Note”* means the “San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations Series B Private Activity/AMT Note”. The AMT Note constitutes a Subordinate Obligation under the Master Subordinate Indenture.

*“AMT Project”* means any undertaking, facility or item which is described in a Certificate provided by the Authority at the time of delivery of a Request for Advance and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed or refinanced with proceeds of AMT Revolving Obligations and/or AMT Revolving Obligations and which project satisfies the requirements of an “exempt facility” under Section 142(a)(1) of the Code and of the Tax Certificate for an AMT Project.

*“AMT Revolving Obligation”* means (a) an AMT Loan, and/or (b) any other Revolving Obligation incurred as an “exempt facility bond” pursuant to Section 142(a)(1) of the Code, the interest on which is not included in the gross income of the Lender or any holder of such AMT Revolving Obligation for federal income tax purposes, but which is included as an item of tax preference in computing the federal alternative minimum tax for individual.

*“AMT Revolving Obligation Debt Service Fund”* means the Debt Service Fund of such designation established pursuant to Section 3.01 hereof and into which money is to be deposited to pay debt service on the AMT Revolving Obligations.

*“Authorized Amount”* means the aggregate principal amount of \$200,000,000.

“*Authorizing Resolution*” means Resolution No. 2021-[●] adopted by the Board on July 1, 2021.

“*Available Commitment*” has the meaning given to such term in the Credit Agreement.

“*Board*” means the board of directors of the Authority.

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

“*Certificate*,” “*Statement*,” “*Request*,” “*Requisition*” and “*Order*” of the Authority means, respectively, a written certificate, statement, request, requisition or order signed by an Authorized Authority Representative or a Designated Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.03 hereof, each such instrument shall include the statements provided for in Section 1.03 hereof.

“*Code*” means, collectively, the Internal Revenue Code of 1986 as amended, and the United States Treasury Regulations applicable with respect thereto.

“*Commitment Expiration Date*” has the meaning given to such term in the Credit Agreement.

“*Credit Agreement*” means the Revolving Credit Agreement, dated as of July [●], 2021, by and between the Authority and the Lender, and any and all modifications, alterations, amendments and supplements thereto.

“*Credit Agreement Event of Default*” means any event or circumstance specified in Section 10.1 of the Credit Agreement.

“*Default*” has the meaning given to such term in the Credit Agreement.

“*Designated Representative*” means those individuals appointed as Designated Representatives under the Authorizing Resolution and any other resolution of the Board to complete and deliver a Request for Advance and to perform other duties set forth in the Credit Agreement, the Master Subordinate Indenture and this Eighth Supplemental Subordinate Indenture with respect to the Revolving Obligations.

“*Effective Date*” has the meaning given to such term in the Credit Agreement.

“*Eighth Supplemental Subordinate Indenture*” means this Eighth Supplemental Subordinate Trust Indenture, dated as of July [●], 2021, by and between the Authority and the Trustee and which sets forth the terms of the Revolving Obligations.

“*Interest Payment Date*” has the meaning given to such term in the Credit Agreement.

“*Lender*” means Bank of America, N.A., and any successors thereto.

“*Master Subordinate Indenture*” means the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended from time to time, between the Authority and the Trustee under which the Revolving Obligations are authorized and secured.

“*Maturity Date*” means, (a) with respect to any Revolving Loan, the Revolving Loan Maturity Date, and (b) with respect to any Term Loan, the Amortization End Date.

“*New Issue*” means the issuance of a Revolving Obligation the proceeds of which are to be used to finance or refinance the Costs of a Project, to finance certain costs of issuance related to the issuance and/or incurrence of such Revolving Obligations, or are used for such other financing needs of the Authority (including, but not limited to, the refunding and restructuring of indebtedness of the Authority).

“*Non-AMT Loan*” and “*Non-AMT Loans*” has the meaning given to such term in the Credit Agreement.

“*Non-AMT Note*” means the “San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations Series A Governmental Purpose/Non-AMT Note”. The Non-AMT Note constitutes a Subordinate Obligation under the Master Subordinate Indenture.

“*Non-AMT Project*” means any undertaking, facility or item which is described in a Certificate provided by the Authority at the time of delivery of a Request for Advance and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed or refinanced with proceeds of Non-AMT Revolving Obligations and which project generally satisfies the requirements of a “governmental project” under Section 141 of the Code and of the Tax Certificate for a Non-AMT Project.

“*Non-AMT Revolving Obligation*” means (a) a Non-AMT Loan, and/or (b) any other Revolving Obligation the interest on which is not included in the gross income of the holder of such Revolving Obligation for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax.

“*Non-AMT Revolving Obligation Debt Service Fund*” means the Debt Service Fund of such designation established pursuant to Section 3.01 hereof and into which money is to be deposited to pay debt service on the Non-AMT Revolving Obligations.

“*Notes*” means, collectively, the AMT Note, the Non-AMT Note and the Taxable Note.

“*Obligations*” has the meaning given to such term in the Credit Agreement.

“*Opinion of Bond Counsel*” means a written opinion of Bond Counsel.

“*Proceeds of an Advance*” means proceeds of an Advance or any moneys, securities or other obligations that may be deemed to be proceeds of the Advance or collateral for the Advance within the meaning of the Code.

*“Project”* means an AMT Project, a Non-AMT Project or a Taxable Project.

*“Request for Advance”* has the meaning given to such term in the Credit Agreement.

*“Revolving Loan”* has the meaning given to such term in the Credit Agreement.

*“Revolving Loan Maturity Date”* has the meaning given to such term in the Credit Agreement.

*“Revolving Loan Notice”* has the meaning given to such term in the Credit Agreement.

*“Revolving Obligation Construction Fund”* means the Construction Fund of such designation established pursuant to Section 3.02 hereof and into which money is to be deposited to pay (a) Costs of a Project, (b) costs of issuance related to the issuance and/or incurrence of Revolving Obligations, or (c) such other financing needs of the Authority (including, but not limited to, the refunding and restructuring of indebtedness of the Authority).

*“Revolving Obligation Rebate Fund”* means the fund of such designation established in Section 5.01 hereof.

*“Revolving Obligations”* means any AMT Revolving Obligations, Non-AMT Revolving Obligations or Taxable Revolving Obligations.

*“Subaccount”* means a subaccount established within an Account related to the issuance of an Advance.

*“Taxable Loan”* and *“Taxable Loans”* has the meaning given to such term in the Credit Agreement.

*“Taxable Note”* means the “San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations Series C Taxable Note. The Taxable Note constitutes a Subordinate Obligation under the Master Subordinate Indenture.

*“Taxable Project”* means any undertaking, facility or item which is described in a Certificate provided by the Authority at the time of delivery of a Request for Advance and which the Authority is lawfully permitted to undertake, including, but not limited to, an AMT Project or a Non-AMT Project, and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of Taxable Revolving Obligations.

*“Taxable Revolving Obligation”* means (a) a Taxable Loan, and/or (b) any other Revolving Obligation the interest on which is included in the gross income of the holder of such Revolving Obligation for federal income tax purposes.

*“Taxable Revolving Obligation Debt Service Fund”* means the Debt Service Fund of such designation established pursuant to Section 3.01 hereof and into which money is to be deposited to pay debt service on the Taxable Revolving Obligations.



“*Tax Certificate*” means, collectively, the Tax Compliance Certificate of the Authority executed and delivered on or prior to the date of issuance of the initial Tax-Exempt Revolving Obligations, and any amendments, modifications, reaffirmations or renewals thereof or any new certificate or agreement of the Authority relating to such matters.

“*Tax-Exempt Revolving Obligations*” means AMT Revolving Obligations and/or Non-AMT Revolving Obligations.

“*Term Loan*” has the meaning given to such term in the Credit Agreement.

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

## ARTICLE II

### THE REVOLVING OBLIGATIONS; NOTES

**Section 2.01. Authorized Amount of an Advance; Terms and Description of Advances and the Notes.**

(a) No Revolving Obligations may be issued under the provisions of this Eighth Supplemental Subordinate Indenture except in accordance with this Article, the Master Subordinate Indenture and the Credit Agreement.

(b) The Authority hereby authorizes the issuance and/or incurrence of its “San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations” in the form of AMT Revolving Obligations (including the related AMT Loans), Non-AMT Revolving Obligations (including the related Non-AMT Loans), Taxable Revolving Obligations (including the related Taxable Loans), Advances and the Notes, subject to the provisions of the Credit Agreement, this Section 2.01 and as hereinafter provided. The AMT Revolving Obligations shall be issued and/or incurred, from time to time, as provided herein to finance or refinance the Costs of AMT Projects and/or Non-AMT Projects, to finance certain costs of issuance related to the issuance and/or incurrence of such AMT Revolving Obligations, or to finance or refinance such other financing needs of the Authority (including, but not limited to, the refunding and restructuring of indebtedness of the Authority); the Non-AMT Revolving Obligations shall be issued and/or incurred, from time to time, as provided herein to finance or refinance the Costs of Non-AMT Projects, to finance certain costs of issuance related to the issuance and/or incurrence of such Non-AMT Revolving Obligations, or to finance or refinance such other financing needs of the Authority (including, but not limited to, the refunding and restructuring of indebtedness of the Authority); and the Taxable Revolving Obligations shall be issued from time to time as provided herein to finance or refinance the Costs of AMT Projects, Non-AMT Projects and/or Taxable Projects, to finance certain costs of issuance related to the issuance and/or incurrence of such Taxable Revolving Obligations, or to finance or refinance such other financing needs of the Authority (including, but not limited to, the refunding and restructuring of indebtedness of the Authority). Such

authorization specifically includes the authorization to issue and/or incur Revolving Obligations for such purposes and to repay such obligations on or prior to their respective Maturity Dates, and thereafter, prior to the Commitment Expiration Date, issue new Revolving Obligations provided that at no time may the aggregate principal amount of outstanding Revolving Obligations exceed the lesser of the Authorized Amount or the Available Commitment. The Available Commitment may be modified in accordance with the terms of the Credit Agreement, provided, however, that in no event shall the Available Commitment exceed the Authorized Amount.

(c) Prior to the issuance and/or incurrence of a Revolving Loan a properly presented and conforming Request for Advance shall be delivered to the Lender by a Designated Representative and all conditions precedent set forth in Section 2.4(b) of the Credit Agreement shall be satisfied. Prior to the issuance and/or incurrence of a Term Loan the Authority shall comply with the provisions of Article IV of the Credit Agreement. Revolving Obligations shall be issued and/or incurred in accordance with the terms of the Credit Agreement and each Revolving Obligation is deemed to have been issued upon the incurrence of the Revolving Loan or Term Loan related thereto. Revolving Obligations shall bear interest from their respective dates of issuance and/or incurrence in the amount and in the manner determined under the Credit Agreement and shall be payable on the dates set forth in the Credit Agreement.

(d) The Revolving Obligations shall be issued and/or incurred at a price not less than 100% of the principal amount thereof.

(e) The Revolving Obligations shall be subject to prepayment prior to maturity in accordance with the terms of the Credit Agreement.

(f) No Revolving Obligations may be issued and/or incurred under this Eighth Supplemental Subordinate Indenture and the Credit Agreement if a Default and/or Credit Agreement Event of Default has occurred and is continuing.

(g) On the Effective Date, the Authority will issue the AMT Note (which shall also be authenticated by the Trustee on the Effective Date) in order to evidence the obligation of the Authority to (i) repay the Lender for any Advance related to an AMT Revolving Obligation, any AMT Revolving Obligation, any AMT Loan under the Credit Agreement, together with interest thereon from time to time at the rates and times established in accordance with the Credit Agreement, and (ii) to pay the Lender for all other Obligations incurred pursuant to the Credit Agreement. Principal on each Advance related to an AMT Revolving Obligation, any AMT Revolving Obligation and any AMT Loan as reflected in the AMT Note shall be payable on the applicable Maturity Date(s). The AMT Note shall be issued in the principal amount of \$200,000,000 and shall be substantially in the form of Exhibit A-2 attached hereto.

(h) On the Effective Date, the Authority will issue the Non-AMT Note (which shall also be authenticated by the Trustee on the Effective Date) in order to evidence the obligation of the Authority to (i) repay the Lender for any Advance related to an Non-AMT Revolving Obligation, any Non-AMT Revolving Obligation, any Non-AMT Loan under

the Credit Agreement, together with interest thereon from time to time at the rates and times established in accordance with the Credit Agreement, and (ii) to pay the Lender for all other Obligations incurred pursuant to the Credit Agreement. Principal on each Advance related to an Non-AMT Revolving Obligation, any Non-AMT Revolving Obligation and any Non-AMT Loan as reflected in the Non-AMT Note shall be payable on the applicable Maturity Date(s). The Non-AMT Note shall be issued in the principal amount of \$200,000,000 and shall be substantially in the form of Exhibit A-1 attached hereto.

(i) On the Effective Date, the Authority will issue the Taxable Note (which shall also be authenticated by the Trustee on the Effective Date) in order to evidence the obligation of the Authority to (i) repay the Lender for any Advance related to an Taxable Revolving Obligation, any Taxable Revolving Obligation, any Taxable Loan under the Credit Agreement, together with interest thereon from time to time at the rates and times established in accordance with the Credit Agreement, and (ii) to pay the Lender for all other Obligations incurred pursuant to the Credit Agreement. Principal on each Advance related to an Taxable Revolving Obligation, any Taxable Revolving Obligation and any Taxable Loan as reflected in the Taxable Note shall be payable on the applicable Maturity Date(s). The Taxable Note shall be issued in the principal amount of \$200,000,000 and shall be substantially in the form of Exhibit A-3 attached hereto.

(j) The Revolving Obligations, the Notes, the Obligations and the Credit Agreement shall constitute Subordinate Obligations within the meaning of the Master Subordinate Indenture, and except as otherwise provided in the Credit Agreement, the Lender shall be the holder of the Revolving Obligations, the Notes, the Credit Agreement and the other Obligations, subject to the payment terms established in the Credit Agreement.

## **Section 2.02. Payment of Revolving Obligations.**

(a) The Authority, as provided in Section 5.01 of the Master Subordinate Indenture, covenants and agrees that it will duly and punctually pay or cause to be paid from the Subordinate Net Revenues and to the extent thereof the principal of and interest on every Revolving Obligation. The Authority will make all payments of principal and interest directly to the Trustee in immediately available funds no later than two (2) Business Days preceding the date payment is due on any Revolving Obligation. At the time the Authority makes payments of principal and interest to the Trustee, the Authority shall provide written notice (which can be in the form of an invoice received from the Lender) to the Trustee of the amount of the principal of and interest due on the Revolving Obligations on the applicable payment date. The principal of and the interest on the Revolving Obligations shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. Notwithstanding anything herein or in the Master Subordinate Indenture to the contrary, no presentation or surrender of any of the Notes or any Revolving Obligation shall be required for any payment of principal of or interest on any Revolving Obligation.

(b) The Authority will make all payments of the other Obligations not otherwise paid in accordance with subsection (a) above to the Lender (or such other person as directed in writing by the Lender) in immediately available funds on or before the date such payment is due as provided for in the Credit Agreement. The other Obligations shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. Notwithstanding anything herein or in the Master Subordinate Indenture to the contrary, no presentation or surrender of any of the Notes shall be required for any payment of the other Obligations..

**Section 2.03. Use of Revolving Obligation Proceeds.** The Authority may issue and/or incur Revolving Obligations under this Eighth Supplemental Subordinate Indenture as AMT Revolving Obligations, Non-AMT Revolving Obligations or Taxable Revolving Obligations.

AMT Revolving Obligations shall be issued and/or incurred, from time to time, hereunder to pay Costs of AMT Projects and/or Non-AMT Projects, to finance certain costs of issuance related to the issuance and/or incurrence of such AMT Revolving Obligations, or to finance or refinance such other financing needs of the Authority (including, but not limited to, the refunding and restructuring of indebtedness of the Authority). Non-AMT Revolving Obligations shall be issued and/or incurred, from time to time, hereunder to pay Costs of Non-AMT Projects, to finance certain costs of issuance related to the issuance and/or incurrence of such Non-AMT Revolving Obligations, or to finance or refinance such other financing needs of the Authority (including, but not limited to, the refunding and restructuring of indebtedness of the Authority). Taxable Revolving Obligations shall be issued and/or incurred, from time to time, hereunder to pay Costs of Taxable Projects, AMT Projects and/or Non-AMT Projects, to finance certain costs of issuance related to the issuance and/or incurrence of such Taxable Revolving Obligations, or to finance or refinance such other financing needs of the Authority (including, but not limited to, the refunding and restructuring of indebtedness of the Authority).

On or prior to the date of each New Issue of Tax-Exempt Revolving Obligations, the Authority shall have obtained an Opinion of Bond Counsel, addressed to the Authority and the Lender, to the effect that the interest on such Tax-Exempt Revolving Obligations is excluded from gross income for federal income tax purposes, except for interest on any AMT Revolving Obligation for any period during which such AMT Revolving Obligation is held by a “substantial user” of the facilities financed or refinanced by such AMT Revolving Obligations or a “related person” within the meaning of Section 147(a) of the Code, and if Non-AMT Revolving Obligations are to be issued and/or incurred that the interest on such Non-AMT Revolving Obligations is not included as an item of tax preference in computing the federal alternative minimum tax.

## **ARTICLE III**

### **APPLICATION OF SHORT-TERM OBLIGATION PROCEEDS**

**Section 3.01. Creation of Debt Service Funds.** The Authority hereby establishes the “San Diego County Regional Airport Authority Subordinate Airport Revenue AMT Revolving Obligation Debt Service Fund” (the “*AMT Revolving Obligation Debt Service Fund*”) and therein

an Interest Account, a Principal Account and a Prepayment Account, to be held by the Trustee. The AMT Revolving Obligation Debt Service Fund and each of the Accounts held therein shall be maintained by the Trustee in trust for the benefit of the Lender.

The Authority hereby establishes the “San Diego County Regional Airport Authority Subordinate Airport Revenue Non-AMT Revolving Obligation Debt Service Fund” (the “***Non-AMT Revolving Obligation Debt Service Fund***”) and therein an Interest Account, a Principal Account and a Prepayment Account, to be held by the Trustee. The Non-AMT Revolving Obligation Debt Service Fund and each of the Accounts held therein shall be maintained by the Trustee in trust for the benefit of the Lender.

The Authority hereby establishes the “San Diego County Regional Airport Authority Subordinate Airport Revenue Taxable Revolving Obligation Debt Service Fund” (the “***Taxable Revolving Obligation Debt Service Fund***”) and therein an Interest Account, a Principal Account and a Prepayment Account, to be held by the Trustee. The Taxable Revolving Obligation Debt Service Fund and each of the Accounts held therein shall be maintained by the Trustee in trust for the benefit of the Lender.

**Section 3.02. Creation of Revolving Obligation Construction Fund.** The Authority hereby establishes the “San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligation Construction Fund” (the “***Revolving Obligation Construction Fund***”) and therein an AMT Project Account, a Non-AMT Project Account and a Taxable Project Account, to be held by the Trustee. The Trustee shall establish within each AMT Project Account and Non-AMT Project Account a separate Subaccount for each Advance to the extent proceeds of such Advance are to be deposited in the AMT Project Account or Non-AMT Project Account.

**Section 3.03. Deposit of Proceeds of Revolving Obligations.** Except as otherwise provided in the following sentence, upon receipt from the Lender, the Authority shall transfer or cause to be transferred the proceeds from each Advance to the Trustee immediately upon receipt thereof. The proceeds from each Advance shall be applied by (a) the Trustee, at the direction of an Authorized Authority Representative, for deposit into the appropriate Account and/or Subaccount of the Revolving Obligation Construction Fund, and expended therefor in accordance with the provisions of Section 3.04 hereof, and/or (b) the Authority for such other purposes as allowed by the Act and/or the Master Subordinate Indenture.

**Section 3.04. Application of Moneys in the Revolving Obligation Construction Fund.**

(a) Except as provided in this Section 3.04, (i) moneys deposited in the AMT Project Account of the Revolving Obligation Construction Fund shall be withdrawn from time to time as directed in writing by an Authorized Authority Representative solely to pay Costs of AMT Projects and/or Non-AMT Projects, to finance certain costs of issuance related to the issuance and/or incurrence of such AMT Revolving Obligations, or to finance or refinance such other financing needs of the Authority (including, but not limited to, the refunding and restructuring of indebtedness of the Authority), (ii) moneys deposited in the Non-AMT Project Account of the Revolving Obligation Construction Fund shall be withdrawn from time to time as directed in writing by an Authorized Authority Representative solely to pay Costs of Non-AMT Projects, to finance certain costs of

issuance related to the issuance and/or incurrence of such Non-AMT Revolving Obligations, or to finance or refinance such other financing needs of the Authority (including, but not limited to, the refunding and restructuring of indebtedness of the Authority), and (iii) moneys deposited in the Taxable Project Account of the Revolving Obligation Construction Fund shall be withdrawn from time to time as directed in writing by an Authorized Authority Representative solely to pay Costs of Taxable Projects, AMT Projects and/or Non-AMT Projects, to finance certain costs of issuance related to the issuance and/or incurrence of such Taxable Revolving Obligations, or to finance or refinance such other financing needs of the Authority (including, but not limited to, the refunding and restructuring of indebtedness of the Authority).

(b) The Trustee shall make payments or disbursements from the Accounts and Subaccounts within the Revolving Obligation Construction Fund upon receipt of a written requisition executed by an Authorized Authority Representative, in substantially the form attached as Exhibit B hereto, which requisition shall state, with respect to each amount requested thereby, (i) the Account and/or Subaccount from which such payment is to be made, (ii) the number of the requisition from such Account and/or Subaccount, (iii) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made, which may be the Authority in the case of reimbursement for costs theretofore paid by the Authority, (iv) the identity of the Project to which such payment corresponds, and (v) if such amounts are being requisitioned from the AMT Project Account or the Non-AMT Project Account, that the amounts requisitioned will be expended only in accordance with and subject to the limitations set forth in the Tax Certificate. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(c) Moneys held in the Revolving Obligation Construction Fund shall be invested and reinvested as directed by the Authority in Permitted Investments. Earnings on the Revolving Obligation Construction Fund shall be retained in the Revolving Obligation Construction Fund.

(d) The completion of a Project shall be evidenced by the filing with the Trustee of a certificate of an Authorized Authority Representative stating either (i) the date of completion of the applicable Project and the amount, if any, required in the opinion of such Authorized Authority Representative for the payment of any remaining part of the Costs of such Project or (ii) that all amounts in applicable Account and/or Subaccount of the Revolving Obligation Construction Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the applicable Account and/or Subaccount of the Revolving Obligation Construction Fund following the delivery of such certificate, or upon the determination of the Authority not to proceed with the applicable Project, may, at the determination of the Authority, be applied upon written requisition of an Authorized Authority Representative to any other lawful purpose designated in such requisition and for which purpose such proceeds may be used under the Act and the Master Subordinate Indenture. As a condition to the disbursement of funds from the AMT Project Account or the Non-AMT Project Account for a purpose other than those described in Section 3.04(a) hereof, there shall be delivered to the Trustee with the requisition an

opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Act and the Master Subordinate Indenture and that such use shall not result in the inclusion of interest on any Tax-Exempt Revolving Obligations in gross income of the recipient thereof for federal income tax purposes (subject to the inclusion of any exception contained in the opinion delivered at the time of the original incurrence and/or issuance of such Tax-Exempt Revolving Obligations).

**Section 3.05. Deposits Into the AMT Revolving Obligation Debt Service Fund; Use of the AMT Revolving Obligation Debt Service Fund.**

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account of the AMT Revolving Obligation Debt Service Fund amounts received from the Authority, as provided in the Master Subordinate Indenture, to be used to pay interest on the AMT Revolving Obligations in accordance with the provisions of the Credit Agreement. The Trustee shall also deposit into the Interest Account of the AMT Revolving Obligation Debt Service Fund any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit in the Interest Account of the AMT Revolving Obligation Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account of the AMT Revolving Obligation Debt Service Fund shall be (A) held on a priority basis for the ratable security and payment of interest due on the AMT Revolving Obligations in accordance with their terms, and (B) used by the Trustee to pay the interest on the AMT Revolving Obligations on each Interest Payment Date.

Earnings on any Passenger Facility Charges deposited in the Interest Account of the AMT Revolving Obligation Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Interest Account of the AMT Revolving Obligation Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, in which event the earnings shall be retained in such Account.

(b) ***Principal Account.*** The Trustee shall deposit into the Principal Account of the AMT Revolving Obligation Debt Service Fund amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay principal of the AMT Revolving Obligations at maturity. The Trustee shall also deposit into the Principal Account of the AMT Revolving Obligation Debt Service Fund any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit into the Principal Account of the AMT Revolving Obligation Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Principal Account of the AMT Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of principal due on the AMT Revolving Obligations in accordance with their terms, and (ii) used by the Trustee to pay the principal of the AMT Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on any Passenger Facility Charges deposited in the Principal Account of the AMT Revolving Obligation Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Principal Account of the AMT Revolving Obligation Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on or about July 15 of each Fiscal Year for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, in which event the earnings shall be retained in such Account.

(c) ***Prepayment Account.*** The Trustee shall deposit into the Prepayment Account of the AMT Revolving Obligation Debt Service Fund amounts received from the Authority or from other sources to be used to pay the redemption price of the AMT Revolving Obligations which are to be redeemed in advance of their maturity. All amounts held at any time in the Prepayment Account of the AMT Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of the redemption price of the AMT Revolving Obligations in accordance with their terms, and (ii) used by the Trustee to pay the redemption price of the AMT Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on amounts in the Prepayment Account of the AMT Revolving Obligation Debt Service Fund shall be retained in such Account or, provided, no Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The AMT Revolving Obligation Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

### **Section 3.06. Deposits Into the Non-AMT Revolving Obligation Debt Service Fund; Use of the Non-AMT Revolving Obligation Debt Service Fund.**

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account of the Non-AMT Revolving Obligation Debt Service Fund amounts received from the Authority, as provided in the Master Subordinate Indenture, to be used to pay interest on the Non-AMT Revolving Obligations in accordance with the provisions of the Credit Agreement. The Trustee shall also deposit into the Interest Account of the Non-AMT Revolving Obligation Debt Service Fund any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit in the Interest Account of the Non-AMT Revolving Obligation Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account of the Non-AMT Revolving Obligation Debt Service Fund shall be (A) held on a priority basis for the ratable security and payment of interest due on the Non-AMT Revolving Obligations in accordance with their terms, and (B) used by the Trustee to pay the interest on the Non-AMT Revolving Obligations on each Interest Payment Date.



Earnings on any Passenger Facility Charges deposited in the Interest Account of the Non-AMT Revolving Obligation Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Interest Account of the Non-AMT Revolving Obligation Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, in which event the earnings shall be retained in such Account.

(b) ***Principal Account.*** The Trustee shall deposit into the Principal Account of the Non-AMT Revolving Obligation Debt Service Fund amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay principal of the Non-AMT Revolving Obligations at maturity. The Trustee shall also deposit into the Principal Account of the Non-AMT Revolving Obligation Debt Service Fund any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit into the Principal Account of the Non-AMT Revolving Obligation Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Principal Account of the Non-AMT Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of principal due on the Non-AMT Revolving Obligations in accordance with their terms, and (ii) used by the Trustee to pay the principal of the Non-AMT Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on any Passenger Facility Charges deposited in the Principal Account of the Non-AMT Revolving Obligation Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Principal Account of the Non-AMT Revolving Obligation Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on or about July 15 of each Fiscal Year for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, in which event the earnings shall be retained in such Account.

(c) ***Prepayment Account.*** The Trustee shall deposit into the Prepayment Account of the Non-AMT Revolving Obligation Debt Service Fund amounts received from the Authority or from other sources to be used to pay the redemption price of the Non-AMT Revolving Obligations which are to be redeemed in advance of their maturity. All amounts held at any time in the Prepayment Account of the Non-AMT Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of the redemption price of the Non-AMT Revolving Obligations in accordance with their terms, and (ii) used by the Trustee to pay the redemption price of the Non-AMT Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on amounts in the Prepayment Account of the Non-AMT Revolving Obligation Debt Service Fund shall be retained in such Account or, provided, no Event of

Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The Non-AMT Revolving Obligation Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

**Section 3.07. Deposits Into the Taxable Revolving Obligation Debt Service Fund; Use of the Taxable Revolving Obligation Debt Service Fund.**

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account of the Taxable Revolving Obligation Debt Service Fund amounts received from the Authority, as provided in the Master Subordinate Indenture, to be used to pay interest on the Taxable Revolving Obligations in accordance with the provisions of the Credit Agreement. The Trustee shall also deposit into the Interest Account of the Taxable Revolving Obligation Debt Service Fund any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit in the Interest Account of the Taxable Revolving Obligation Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account of the Taxable Revolving Obligation Debt Service Fund shall be (A) held on a priority basis for the ratable security and payment of interest due on the Taxable Revolving Obligations in accordance with their terms, and (B) used by the Trustee to pay the interest on the Taxable Revolving Obligations on each Interest Payment Date.

Earnings on any Passenger Facility Charges deposited in the Interest Account of the Taxable Revolving Obligation Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Interest Account of the Taxable Revolving Obligation Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, in which event the earnings shall be retained in such Account.

(b) ***Principal Account.*** The Trustee shall deposit into the Principal Account of the Taxable Revolving Obligation Debt Service Fund amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay principal of the Taxable Revolving Obligations at maturity. The Trustee shall also deposit into the Principal Account of the Taxable Revolving Obligation Debt Service Fund any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit into the Principal Account of the Taxable Revolving Obligation Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Principal Account of the Taxable Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of principal due on the Taxable Revolving Obligations in accordance with their terms, and

(ii) used by the Trustee to pay the principal of the Taxable Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on any Passenger Facility Charges deposited in the Principal Account of the Taxable Revolving Obligation Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Principal Account of the Taxable Revolving Obligation Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on or about July 15 of each Fiscal Year for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, in which event the earnings shall be retained in such Account.

(c) ***Prepayment Account.*** The Trustee shall deposit into the Prepayment Account of the Taxable Revolving Obligation Debt Service Fund amounts received from the Authority or from other sources to be used to pay the redemption price of the Taxable Revolving Obligations which are to be redeemed in advance of their maturity. All amounts held at any time in the Prepayment Account of the Taxable Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of the redemption price of the Taxable Revolving Obligations in accordance with their terms, and (ii) used by the Trustee to pay the redemption price of the Taxable Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on amounts in the Prepayment Account of the Taxable Revolving Obligation Debt Service Fund shall be retained in such Account or, provided, no Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The Taxable Revolving Obligation Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

**Section 3.08. Investment of Moneys in Funds, Accounts and Subaccounts.** All moneys in any of the funds, subfunds, Accounts and Subaccounts held by the Trustee and established pursuant to this Eighth Supplemental Subordinate Indenture shall be invested solely in Permitted Investments maturing or available not later than the date on which it is estimated that such moneys will be required. In addition, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund, subfund, Account or Subaccount from which such accrued interest was paid.

The Trustee may, subject to the terms of the Tax Certificate, commingle any of the moneys on deposit in any of the funds, subfunds, Accounts or Subaccounts established pursuant to this Eighth Supplemental Subordinate Indenture into a separate fund or funds for investment purposes only, provided that all funds, subfunds, Accounts and Subaccounts held by the Trustee hereunder shall be accounted for separately as required by this Eighth Supplemental Subordinate Indenture. The Trustee may sell at the best price obtainable, or present for redemption, any Permitted

Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund, subfund, Account or Subaccount to which such Permitted Investment is credited.

The Trustee shall keep or cause to be kept proper books of record and accounts containing complete and correct entries of all transactions made by each, respectively, relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Revolving Obligations, including moneys derived from, pledged to, or to be used to make payments on the Revolving Obligations. Such records shall specify the fund, subfund, Account or Subaccount to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each Permitted Investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition of disposition or maturity.

## ARTICLE IV

### TAX COVENANTS

**Section 4.01. Revolving Obligation Rebate Fund.** The Authority hereby agrees that it will enter into the Tax Certificate and will thereunder establish the “San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligation Rebate Fund” (the “*Revolving Obligation Rebate Fund*”), at such times, if any, as provided in the Tax Certificate, which fund will be held by the Trustee and will be funded by the Authority, if so required under the Tax Certificate, and amounts in such Revolving Obligation Rebate Fund to be held and disbursed in accordance with the Tax Certificate.

The Trustee shall establish within the Revolving Obligation Rebate Fund a separate Account representing each Advance for an AMT Revolving Obligation and a Non-AMT Revolving Obligation. All money at any time deposited in the Revolving Obligation Rebate Fund (or any Account therein) in accordance with the provisions of the Tax Certificate shall be held by the Trustee in trust for payment to the federal government of the United States of America, and neither the Authority nor the Lender as holder of Revolving Obligations shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Revolving Obligation Rebate Fund shall be governed by this Eighth Supplemental Subordinate Indenture and by the Tax Certificate. Money shall not be transferred from the Revolving Obligation Rebate Fund except in accordance with the Tax Certificate.

#### **Section 4.02. Preservation of Tax Exemption.**

(a) The Authority shall comply with those covenants and agreements set forth in the Tax Certificate.

(b) The Authorized Authority Representatives shall be responsible for the execution and delivery (on or prior to the date of the initial delivery of the Tax-Exempt Revolving Obligations and the dates referred to in the Third paragraph of this subsection (b)) of a Tax Certificate that, in a manner satisfactory to Bond Counsel, evidences

compliance with the relevant requirements of Sections 103 and 141 through 150 of the Code.

The Authority shall set forth in the Tax Certificate its reasonable expectations on the date of delivery of the Tax Certificate as to relevant facts, estimates and circumstances relating to the use of the Tax-Exempt Revolving Obligation proceeds and any other matters deemed relevant by Bond Counsel. The facts, estimates and circumstances set forth in the Tax Certificate will be in all material respects, to the best of the Authorized Authority Representative's knowledge, true and correct as of the respective dates thereof. Neither the Authority, any present or future individual members of the Authority nor any official, agent or employee thereof shall have any individual liability to any holder of a Tax-Exempt Revolving Obligation for any statement or matter included in or omitted from any Tax Certificate.

The Tax Certificate delivered on any date with respect to Tax-Exempt Revolving Obligations shall be deemed to have been executed as of the date of each subsequent delivery of Tax-Exempt Revolving Obligations unless and until the Authorized Authority Representative shall furnish the Trustee and Bond Counsel a new Tax Certificate. The Authority hereby covenants that it shall execute and deliver to the Trustee and Bond Counsel in connection with each delivery of Tax-Exempt Revolving Obligations a new Tax Certificate at such time as its reasonable expectations as to the use of Tax-Exempt Revolving Obligations proceeds change or at such time as Bond Counsel may request. Each Revolving Loan Notice for a Tax-Exempt Revolving Obligation shall constitute the reaffirmation by the Authority as of the date of delivery of such Tax-Exempt Revolving Obligations of the facts, estimates and circumstances set forth in the Tax Certificate of most recent date.

(c) The Authority shall not use or permit the use of any proceeds of the Tax-Exempt Revolving Obligations or any other funds of the Authority held by the Trustee under this Eighth Supplemental Subordinate Indenture, attributable to the Tax-Exempt Revolving Obligations, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Authority or the Trustee with respect to the Tax-Exempt Revolving Obligations in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Tax-Exempt Revolving Obligation to be "federally guaranteed" within the meaning of Section 149(b) of the Code or an "arbitrage bond" within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder and under Section 103(c) of the Code. The Authority shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations.

In the event Bond Counsel has informed the Authority that it is necessary to restrict or limit the yield on the investment of money held by the Trustee or to use such money in certain manners, in order to avoid the Tax-Exempt Revolving Obligations being considered "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Tax-Exempt Revolving Obligations at such time, the Authority shall issue to the Trustee a certificate to such effect together with appropriate instructions, in which event the Trustee shall take such action as it is directed

to take to use such money in accordance with such certificate and instructions, irrespective of whether the Trustee shares such opinion.

Upon the receipt of written advice of Bond Counsel, the Authority may, and upon receipt of an approving ruling from the Internal Revenue Service or a decision of a court of competent jurisdiction the Authority shall, issue to the Trustee a written certificate to the effect that a restriction or limitation on the yield on the investment of any Tax-Exempt Revolving Obligation proceeds that was formerly deemed necessary is now removed or modified (along with appropriate written instructions), in which event the Authority and the Trustee will take such action as is necessary to so hold and invest the Tax-Exempt Revolving Obligation proceeds in accordance with such certificate and instructions. Neither the Authority, the Trustee, nor any present or future board member, official, officer, agent or employee of any of the foregoing shall incur any liability in connection with any certificate or instructions delivered by the Authority to the Trustee as contemplated herein.

(d) The Authority shall at all times do and perform all acts and things permitted by law and this Eighth Supplemental Subordinate Indenture which are necessary or desirable in order to assure that interest paid on the Tax-Exempt Revolving Obligations (or any of them) will not be included in gross income for federal income tax purposes (other than interest paid to holders of the AMT Revolving Obligations that are a “substantial user” of the facilities financed and refinanced with the AMT Revolving Obligations or a “related person” within the meaning of Section 147(a) of the Code) and, with respect to the Non-AMT Revolving Obligations, will not be included as an item of tax preference in computing the federal alternative minimum tax, and the Authority shall take no action that would result in such interest on any Tax-Exempt Revolving Obligations being included in gross income for federal income tax purposes (other than interest paid to holders of the AMT Revolving Obligations that are a “substantial user” of the facilities financed and refinanced with the AMT Revolving Obligations or a “related person” within the meaning of Section 147(a) of the Code) or interest on any Non-AMT Revolving Obligations being included as an item of tax preference in computing the federal alternative minimum tax.

## **ARTICLE V**

### **MISCELLANEOUS**

#### **Section 5.01. Additional Event of Default and Remedy.**

(a) As permitted by Sections 8.01(f) and 8.12 of the Master Subordinate Indenture, there is hereby provided an additional Event of Default:

“A Credit Agreement Event of Default shall be an Event of Default under Section 8.01 of the Master Subordinate Indenture with respect to the Revolving Obligations.”

(b) As permitted by Sections 8.02(c) and 8.12 of the Master Subordinate Indenture, there is hereby provided an additional remedy:

“The remedies provided for in the Credit Agreement upon the occurrence and continuation of an Event of Default shall be additional remedies allowed to be undertaken by the Lender under Section 8.02 of the Master Subordinate Indenture with respect to the Revolving Obligations.”

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

**Section 5.03. Obligations Afforded Status of Subordinate Obligations.** Obligations owed by the Authority to the Lender shall be afforded the status of a Subordinate Obligation and the Lender shall be the Subordinate Obligation holder subject to the payment terms established in the Credit Agreement.

**Section 5.04. Notices.**

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Eighth Supplemental Subordinate Indenture or the Revolving Obligations must be in writing, except as expressly provided otherwise, in this Eighth Supplemental Subordinate Indenture or the Revolving Obligations.

(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 Lender shall be sent to the following address:

Authority: San Diego County Regional Airport Authority  
Commuter Terminal, 3<sup>rd</sup> Floor  
3225 North Harbor Drive  
San Diego, California  
Attention: Vice President, Chief Financial Officer  
Telephone: 619-400-2802

With copy to:

San Diego County Regional Airport Authority  
Commuter Terminal, 3<sup>rd</sup> Floor  
3225 North Harbor Drive  
San Diego, California  
Attention: General Counsel  
Telephone: 619-400-2802

Trustee U.S. Bank National Association  
633 West Fifth Street, 24<sup>th</sup> Floor  
Los Angeles, California 90071  
Attention: Corporate Trust Services  
Telephone: 213-615-6023

Lender: Bank of America, N.A.  
[•]

Any addressee may designate additional or different addresses for purposes of this Section.

**Section 5.05. Parties Interested Herein.** Nothing in this Eighth Supplemental Subordinate Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee and the Lender, any right, remedy or claim under or by reason of this Eighth Supplemental Subordinate Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Eighth Supplemental Subordinate Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Lender.

**Section 5.06. Severability.** If any provision of this Eighth Supplemental Subordinate Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Eighth Supplemental Subordinate Indenture.

**Section 5.07. 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 5.08. Governing Law.** This Eighth Supplemental Subordinate Indenture shall be governed by and construed in accordance with the laws of the State.

**Section 5.09. Captions.** The captions in this Eighth Supplemental Subordinate Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Eighth Supplemental Subordinate Indenture.

**Section 5.10. Counterparts.** This Eighth Supplemental Subordinate Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

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

IN WITNESS WHEREOF, the parties hereto have caused this Eighth Supplemental Subordinate Trust Indenture to be duly executed, all as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By \_\_\_\_\_  
Kimberly J. Becker,  
President and CEO

Attest:

By \_\_\_\_\_  
Tony R. Russell,  
Director, Board Services/Authority Clerk

Approved as to form:

By \_\_\_\_\_  
Amy Gonzalez  
General Counsel

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Representative

[Signature page to Eighth Supplemental  
Subordinate Trust Indenture]

## **EXHIBIT A-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  
GOVERNMENTAL PURPOSE/NON-AMT NOTE**

Dated: July [●], 2021

\$200,000,000

For value received, the San Diego County Regional Airport Authority (the “Authority”) promises to pay to the order of Bank of America, N.A., and its successors and assigns (the “Lender”), located at [●], 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 July [●], 2021 (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. In addition to the principal of and interest on this Note, the Authority promises to pay such other Obligations due and payable by the Authority under the Credit Agreement. All payments of principal, interest and other Obligations 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 and the hereinafter defined Subordinate Trust Indenture.

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 Eighth Supplemental Subordinate Trust Indenture, dated as of July [●], 2021 (the “Eighth 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 \_\_\_\_\_  
President and CEO

Attest:

By: \_\_\_\_\_  
Director, Board Services/Authority  
Clerk

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Eighth Supplemental Subordinate Trust Indenture.

Date of Authentication: July [●], 2021

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

<u>Date</u>	<u>Non-AMT Loan Commitment</u>	<u>Interest Rate</u>	<u>Amount of Principal Paid</u>	<u>Dated to Which Interest Paid</u>	<u>Notation Made by</u>
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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  
PRIVATE ACTIVITY/AMT NOTE

Dated: July [•], 2021

\$200,000,000

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. 5<sup>th</sup> Street, 25<sup>th</sup> 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 July 1, 2021 (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. In addition to the principal of and interest on this Note, the Authority promises to pay such other Obligations due and payable by the Authority under the Credit Agreement. All payments of principal, interest and other Obligations 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 and the hereinafter defined Subordinate Trust Indenture.

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 Eighth Supplemental Subordinate Trust Indenture, dated as of July [●], 2021 (the “Eighth 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 \_\_\_\_\_  
President and CEO

Attest:

By: \_\_\_\_\_  
Director, Board Services/Authority  
Clerk

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Eighth Supplemental Subordinate Trust Indenture.

Date of Authentication: July [●], 2021

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 B  
AMT NOTE

<u>Date</u>	<u>AMT Loan Commitment</u>	<u>Interest Rate</u>	<u>Amount of Principal Paid</u>	<u>Dated to Which Interest Paid</u>	<u>Notation Made by</u>
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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: July [•], 2021

\$200,000,000

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. 5<sup>th</sup> Street, 25<sup>th</sup> 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 July 1, 2021 (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. In addition to the principal of and interest on this Note, the Authority promises to pay such other Obligations due and payable by the Authority under the Credit Agreement. All payments of principal, interest and other Obligations 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 and the hereinafter defined Subordinate Trust Indenture.

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 Eighth Supplemental Subordinate Trust Indenture, dated as of July [●], 2021 (the “Eighth 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 \_\_\_\_\_  
President and CEO

Attest:

By: \_\_\_\_\_  
Director, Board Services/Authority  
Clerk



CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Eighth Supplemental Subordinate Trust Indenture.

Date of Authentication: July [●], 2021

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

<u>Date</u>	<u>Taxable Loan Commitment</u>	<u>Interest Rate</u>	<u>Amount of Principal Paid</u>	<u>Dated to Which Interest Paid</u>	<u>Notation Made by</u>
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ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

---

Please insert Social Security or

Taxpayer Identification Number of Transferee

/ \_\_\_\_\_ /

---

(Please print or typewrite name and address, including zip code, of Transferee)

---

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

---

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

---

NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

---

NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or change whatsoever.

## EXHIBIT B

### FORM OF REVOLVING OBLIGATION CONSTRUCTION FUND REQUISITION

Requisition No. \_\_\_\_\_

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

Re: San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving  
Obligation Construction Fund

Account and/or Subaccount amount to be transferred from: \_\_\_\_\_

The amount requisitioned: \$ \_\_\_\_\_

Payment to be made to: \_\_\_\_\_

Manner in which payment is to be made: \_\_\_\_\_

Description of Project: \_\_\_\_\_

The undersigned, an Authorized Authority Representative within the meaning of the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "Master Subordinate Indenture"), by and between the San Diego County Regional Airport Authority (the "Authority") and U.S. Bank National Association, as successor to Deutsche Bank National Trust Company, as trustee (the "Trustee"), and the Eighth Supplemental Subordinate Trust Indenture, dated as of July [●], 2021 (the "Eighth Supplemental Subordinate Indenture"), by and between the Authority and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in the San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligation Construction Fund held under the Eighth Supplemental Subordinate Indenture and directs that payment be made in the manner described above.'

[Amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated July [●], 2021 and relating to the Tax-Exempt Revolving Obligations.]

Capitalized terms not otherwise defined herein shall have the applicable meanings in the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture.

Dated: \_\_\_\_\_.

By \_\_\_\_\_  
Authorized Authority Representative

**EXHIBIT C****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  
PRIVATE ACTIVITY/AMT NOTE

Dated: July [•], 2021

\$200,000,000

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. 5<sup>th</sup> Street, 25<sup>th</sup> 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 July 1, 2021 (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. In addition to the principal of and interest on this Note, the Authority promises to pay such other Obligations due and payable by the Authority under the Credit Agreement. All payments of principal, interest and other Obligations 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 and the hereinafter defined Subordinate Trust Indenture.

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 Eighth Supplemental Subordinate Trust Indenture, dated as of July [●], 2021 (the “Eighth 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 \_\_\_\_\_  
President and CEO

Attest:

By: \_\_\_\_\_  
Director, Board Services/Authority  
Clerk

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Eighth Supplemental Subordinate Trust Indenture.

Date of Authentication: July [●], 2021

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 B  
AMT NOTE

<u>Date</u>	<u>AMT Loan Commitment</u>	<u>Interest Rate</u>	<u>Amount of Principal Paid</u>	<u>Dated to Which Interest Paid</u>	<u>Notation Made by</u>
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ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

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Please insert Social Security or

Taxpayer Identification Number of Transferee

/ \_\_\_\_\_ /

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(Please print or typewrite name and address, including zip code, of Transferee)

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the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

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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:

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NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

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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 D****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  
GOVERNMENTAL PURPOSE/NON-AMT NOTE

Dated: July [●], 2021

\$200,000,000

For value received, the San Diego County Regional Airport Authority (the “Authority”) promises to pay to the order of Bank of America, N.A., and its successors and assigns (the “Lender”), located at [●], 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 July [●], 2021 (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. In addition to the principal of and interest on this Note, the Authority promises to pay such other Obligations due and payable by the Authority under the Credit Agreement. All payments of principal, interest and other Obligations 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 and the hereinafter defined Subordinate Trust Indenture.

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 Eighth Supplemental Subordinate Trust Indenture, dated as of July [●], 2021 (the “Eighth 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 \_\_\_\_\_  
President and CEO

Attest:

By: \_\_\_\_\_  
Director, Board Services/Authority  
Clerk

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Eighth Supplemental Subordinate Trust Indenture.

Date of Authentication: July [●], 2021

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

<u>Date</u>	<u>Non-AMT Loan Commitment</u>	<u>Interest Rate</u>	<u>Amount of Principal Paid</u>	<u>Dated to Which Interest Paid</u>	<u>Notation Made by</u>
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ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

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Please insert Social Security or

Taxpayer Identification Number of Transferee

/ \_\_\_\_\_ /

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(Please print or typewrite name and address, including zip code, of Transferee)

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the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

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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:

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NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

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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 E****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: July [•], 2021

\$200,000,000

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. 5<sup>th</sup> Street, 25<sup>th</sup> 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 July 1, 2021 (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. In addition to the principal of and interest on this Note, the Authority promises to pay such other Obligations due and payable by the Authority under the Credit Agreement. All payments of principal, interest and other Obligations 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 and the hereinafter defined Subordinate Trust Indenture.

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 Eighth Supplemental Subordinate Trust Indenture, dated as of July [●], 2021 (the “Eighth 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 \_\_\_\_\_  
President and CEO

Attest:

By: \_\_\_\_\_  
Director, Board Services/Authority  
Clerk

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Eighth Supplemental Subordinate Trust Indenture.

Date of Authentication: July [●], 2021

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

<u>Date</u>	<u>Taxable Loan Commitment</u>	<u>Interest Rate</u>	<u>Amount of Principal Paid</u>	<u>Dated to Which Interest Paid</u>	<u>Notation Made by</u>
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ASSIGNMENT

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Please insert Social Security or

Taxpayer Identification Number of Transferee

/ \_\_\_\_\_ /

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(Please print or typewrite name and address, including zip code, of Transferee)

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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:

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NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

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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.

## **RESOLUTION NO. 2021-0080**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING THE ESTABLISHMENT OF A SHORT-TERM BORROWING PROGRAM; AUTHORIZING THE ISSUANCE AND/OR INCURRENCE, FROM TIME TO TIME, OF ONE OR MORE SERIES OF THE AUTHORITY'S SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$200,000,000 OUTSTANDING AT ANY ONE TIME, IN THE FORM OF A REVOLVING LINE OF CREDIT; APPROVING FORMS OF AN EIGHTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE, A REVOLVING CREDIT AGREEMENT, PROMISSORY NOTES AND ALL RELATED DOCUMENTATION AND CERTAIN RELATED MATTERS

**WHEREAS**, the San Diego County Regional Airport Authority ("Authority") is a local government entity of regional government, with jurisdiction extending throughout the County of San Diego ("County"), organized and existing pursuant to the provisions of the Constitution of the State of California ("State") and §170000 *et seq.* of the California Public Utilities Code ("Act"); and

**WHEREAS**, the Authority has been formed for the purposes of: (a) operating the Airport System (as defined in the hereinafter defined Master Subordinate Indenture), (b) developing an airport land use compatibility plan or plans for the public use and military airports in the entire County, and (c) serving as the region's airport land use commission; and

**WHEREAS**, the Authority assumed exclusive use, management, operation, regulation, policing and control of the Airport System, as set forth in the Act, and other related facilities upon the transfer of such exclusive use, management, operation, regulation, policing and control from the San Diego Unified Port District in January 2003; and

**WHEREAS**, the Act provides that the Authority shall have the power to issue bonds, from time to time, payable from revenue of any facility or



enterprise operated, acquired, or constructed by the Authority, for any of the purposes authorized under the Act in accordance with the Revenue Bond Law of 1941 Chapter 6 (commencing with § 54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with § 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and the limitations set forth in California Government Code § 54402(b), which shall not apply to the issuance and sale of bonds pursuant to the Act; and

**WHEREAS**, the Act provides that the Airport System or any or all facilities and all additions and improvements that the board of directors of the Authority ("Board") authorizes to be acquired or constructed and any purpose, operation, facility, system, improvement, or undertaking of the Authority from which revenues are derived or otherwise allocable, which revenues are, or may by resolution or ordinance be, required to be separately accounted for from other revenues of the Authority, shall constitute an enterprise within the meaning of California Government Code § 54309; and

**WHEREAS**, the Authority has determined that it is necessary and advisable to establish a short-term borrowing program for the benefit of the Authority which shall be implemented through the issuance and/or incurrence of, from time to time, one or more series of Subordinate Obligations (as defined in the hereinafter defined Master Subordinate Indenture) in the form of Subordinate Airport Revenue Revolving Obligations (the "Subordinate Revolving Obligations") for the purposes set forth in the Act and the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "Master Subordinate Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee ("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 the Subordinate Revolving 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, from time to time, the Subordinate Revolving Obligations 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**, initially the Revolving Line of Credit will be provided to the Authority by Bank of America, N.A. ("Bank of America"), pursuant to a Revolving Credit Agreement (the "Credit Agreement"), to be entered into by and between the Authority and Bank of America, 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 \$200,000,000 outstanding at any one time 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 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, the Master Subordinate Indenture, the Eighth Supplemental Subordinate Indenture (as hereinafter defined) and the Credit Agreement; and

**WHEREAS**, the Subordinate Revolving Obligations, the Notes (as hereinafter defined) and the obligations incurred by the Authority pursuant to the terms of the Credit Agreement (including, but not limited to, the Advances, the Revolving Loans, the Term Loans and the Commitment Fees (as defined in the Credit Agreement)) 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 Eighth Supplemental Subordinate Indenture, and the obligations

incurred by the Authority pursuant to the terms of the Credit Agreement (including, but not limited to, the Advances, the Revolving Loans, the Term Loans and the Commitment Fees) will be evidenced by one or more tax-exempt and taxable promissory notes to be executed and delivered by the Authority and delivered to Bank of America (the "Notes"); and

**WHEREAS**, the Subordinate Revolving Obligations, the Notes and the Advances, the Revolving Loans and the Term Loans may be issued and/or incurred under the Master Subordinate Indenture, the Eighth Supplemental Subordinate Indenture and the Credit Agreement whereby the interest paid by the Authority on such Subordinate Revolving Obligations, Notes, 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**, there have been presented to the Board the following documents:

- (a) a form of the Eighth Supplemental Subordinate Trust Indenture (the "Eighth Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee;
- (b) a form of the Credit Agreement; and
- (d) forms of the Notes; 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; and

**WHEREAS**, Section 5852.1 of the California Government Code requires that the governing body of a public body obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third

parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY:**

Section 1. Establishment of Short-Term Borrowing Program; 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 establishment of a short-term borrowing program for the benefit of the Authority, (b) 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 Bank of America pursuant to the Credit Agreement, provided that the aggregate principal amount of all Subordinate Revolving Obligations outstanding at any one time shall not exceed \$200,000,000, and (c) the incurrence of the other Obligations (as defined in the Credit Agreement) under the Credit Agreement, the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture. Bank of America's commitment to make Advances under the Credit Agreement shall have a term not exceeding three (3) years unless such date is earlier terminated pursuant to the terms of the Credit Agreement or extended, reduced or rescinded by a subsequent resolution of the Board (and approved by Bank of America), and any Term Loan made under the Credit Agreement shall have a term not exceeding one (1) year. The outstanding principal amount of each Revolving Loan and each Term Loan shall bear interest at the variable interest rates set forth in the Credit Agreement and shall be payable in the amounts and at the times set forth in the 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 the 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 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 Credit Agreement ceases to exceed the

Maximum Rate, at which time the Authority shall pay Bank of America the deferred interest as provided in the Credit Agreement.

The short-term borrowing program is being established, the Revolving Line of Credit is being obtained and the Subordinate Revolving Obligations will be issued and/or incurred, from time to time, 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).

The Authority shall be obligated to repay Bank of America for all Advances, Revolving Loans and Term Loans and pay all other Obligations owed to Bank of America (including the Commitment Fees) under the Credit Agreement, and such Advances, Revolving Loans, Term Loans and other Obligations shall be payable, both with respect to interest and principal, as applicable, as provided for in the Master Subordinate Indenture, the Eighth Supplemental Subordinate Indenture, the Credit Agreement and the Notes. The Subordinate Revolving Obligations and the related Revolving Loans and Term Loans may be issued and/or incurred under the Master Subordinate Indenture, the Eighth Supplemental Subordinate Indenture and the Credit Agreement whereby the interest paid by the Authority on such Subordinate Revolving Obligations and the related 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, the Eighth Supplemental Subordinate Indenture and the Credit Agreement, be set forth in a Request for Advance for Revolving Loan (as described in the Credit Agreement) delivered to Bank of America by a Designated Representative.

Section 2. Pledge to Secure the Subordinate Revolving Obligations, the Advances, the Revolving Loans, the Term Loans, the Notes and the Obligations. The pledge of Subordinate Net Revenues and other amounts and funds and accounts described in the Master Subordinate Indenture, the

Eighth Supplemental Subordinate Indenture and the Credit Agreement to secure the Subordinate Revolving Obligations, the Advances, the Revolving Loans, the Term Loans, the Notes and the Obligations as set forth in the Master Subordinate Indenture, the Eighth Supplemental Subordinate Indenture, the Credit Agreement and the Notes is hereby APPROVED.

Section 3. Special Obligations; Subordinate Obligations. The Subordinate Revolving Obligations, the Advances, the Revolving Loans, 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 Eighth Supplemental Subordinate Indenture, as and to the extent therein described. The Subordinate Revolving Obligations, the Advances, the Revolving Loans, 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 Eighth Supplemental Subordinate Indenture, the Credit Agreement and the Notes (collectively, the "Documents") are in all respects APPROVED and the President/CEO of the Authority and the Vice President, Chief Financial Officer of the Authority, any one or more thereof (each a "Designated Officer"), are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Documents including counterparts thereof, in the name and on behalf of the Authority. The Documents, as executed and delivered, shall be in substantially the forms now before this meeting and hereby approved, with such changes therein as 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 of the Authority, and the Vice President, Chief Financial Officer of the Authority, or any such officer serving in an acting or interim capacity and any other persons the President/CEO of the Authority may designate to serve, as "Designated Representatives" of the Authority under the terms of this Resolution, the Eighth Supplemental Subordinate Indenture and the 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 for 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 Subordinate Revolving Obligations, 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, are hereby 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 Eighth Supplemental Subordinate Indenture and the Credit 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 issuance of implementing and obtaining the Revolving Line of Credit and the fees and costs of Bank of America, 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 Eighth Supplemental Subordinate Indenture, and authorizing the execution by a Designated Officer or a Designated Representative, or any one of them, of one or more tax compliance certificates as required by the Eighth Supplemental Subordinate Indenture and the Credit Agreement for the purpose of complying with the rebate requirements of the Code.

Additionally, on or before the stated expiration date of the Credit Agreement, the President/CEO of the Authority is hereby AUTHORIZED to negotiate an extension to the stated expiration date of the Credit Agreement (provided such extension shall not exceed an additional three (3) years) with Bank of America, if the President/CEO of the Authority determines that such extension is pursuant to the same or more advantageous financial terms as those set forth in the Credit Agreement presented to the Board at this meeting 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 presented to the Board at this meeting.

Section 8. Costs of Issuance. Funds of the Authority are hereby authorized, together with the proceeds from the 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 Bank of America, the costs associated with rating agencies, printing, publication and mailing expenses, and any related filing fees.

Section 9. Good Faith Estimates. In accordance with Section 5852.1 of the California Government Code, good faith estimates of the following are set forth in Exhibit A attached hereto: (a) the true interest cost of the obligations to be incurred under the Credit Agreement, (b) the sum of all fees and charges paid to third parties with respect to the establishment of the short-term borrowing program and the issuance and/or incurrence of the Subordinate Revolving Obligations, (c) the amount of proceeds of Advances expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the



Advances, and (d) the sum total of all debt service payments on the obligations to be incurred under the Credit Agreement calculated to the stated expiration date of the Credit Agreement, plus the fees and charges paid to third parties not paid with the proceeds of the Advances.

Section 10. 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 11. Governing Law. This resolution shall be construed and governed in accordance with the laws of the State of California.

Section 12. 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 13. Effective Date of Resolution. This Resolution shall take effect from and after its passage and approval.

Section 14. **BE IT FURTHER RESOLVED**, that this Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code §21065); 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 1<sup>st</sup> day of July, 2021 by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## EXHIBIT A

### GOOD FAITH ESTIMATES

The following information was obtained from Frasca & Associates, LLC (the “Municipal Advisor”) with respect to the obligations to be incurred under the Credit Agreement and the Notes (the “Obligations”) approved in the attached Resolution, and is provided in compliance with Section 5852.1 of the California Government Code with respect to the Obligations:

**Section 1. True Interest Cost of the Obligations<sup>1</sup>.** Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Obligations, is 0.53%.

**Section 2. Finance Charge of the Obligations.** A good faith estimate of the finance charges associated with the Obligations (the sum of all fees and charges paid to third parties (or costs associated with the Obligations)), is \$145,000, as follows:

(a)	Fees to Bank of America (including legal fees)	\$40,000
(b)	Bond Counsel and Disbursements	55,000
(c)	Municipal Advisor and Disbursements	<u>50,000</u>
	Total	<u>\$145,000</u>

**Section 3. Amount of Proceeds to be Received<sup>2</sup>.** A good faith estimate of the amount of proceeds expected to be received by the Authority from Advances is \$200,000,000.

**Section 4. Total Payment Amount<sup>3</sup>.** Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Obligations plus the finance charge of the

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<sup>1</sup> Assumes full utilization of the \$200 million Commitment under the Credit Agreement at an assumed tax-exempt interest rates set forth in the Credit Agreement.

<sup>2</sup> Assumes full utilization of the \$200 million Commitment under the Credit Agreement and that finance charges are not paid from Advances.

<sup>3</sup> Assumes \$200 million is drawn under the Credit Agreement on the effective date of the Credit Agreement and repaid on the stated expiration date of the Credit Agreement.

Obligations described in Section 2 above not paid with the proceeds of the Advances, calculated to the stated expiration date of the Credit Agreement, is \$203,372,111.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Advances received by the Authority, and the amount of Advances received. The date and amount of Advances will be determined by the Authority based on need to provide funds for the acquisition, construction, rehabilitation and equipping of certain capital improvements to the Airport System and other factors. Market interest rates are affected by economic and other factors beyond the Authority's control. The Authority has approved the issuance of the Obligations with a maximum true interest cost of 12.00%.

# San Diego County Regional Airport Authority

## Short Term Borrowing Program

Presented by John Dillon, Director, Financial and Risk Management

July 1, 2021





# Overview

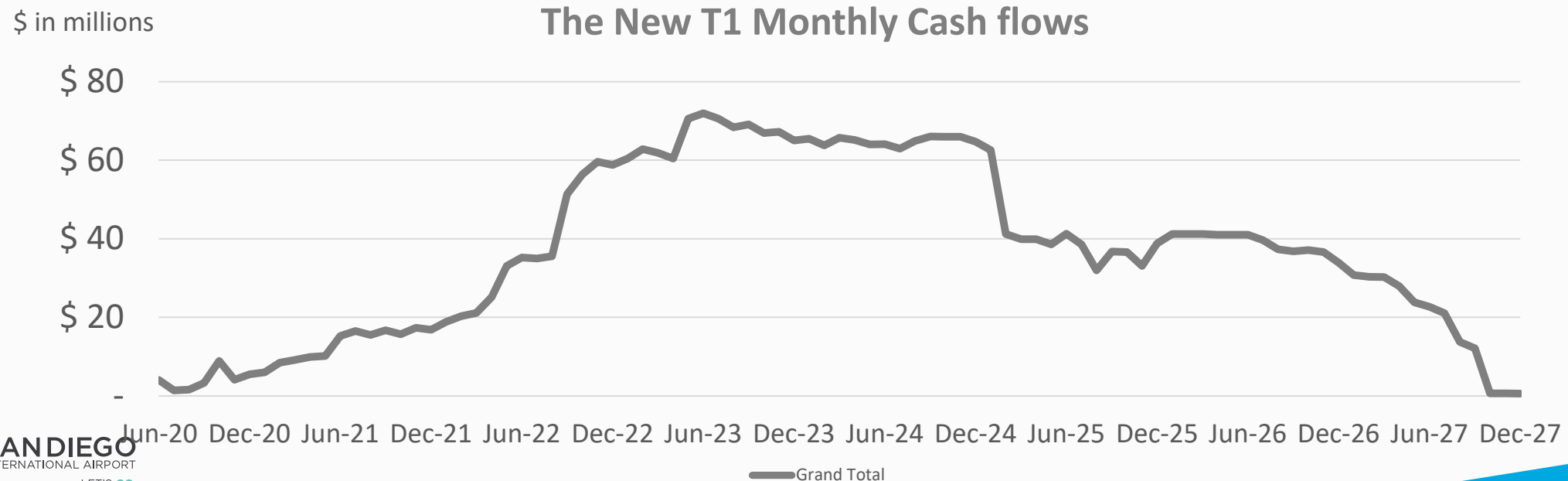
- Rationale for a Short-term Variable Rate Borrowing Program
- Request for Proposal Results
- Revolving Credit Agreement
- Program Documents
- Recommendation and Requested Action



# Rationale for a Short-term Variable Rate Debt Program

Staff anticipates the need for short term debt capacity to support the development and construction of the New T1:

- Interim funding of the New T1 before initial debt issuance
- Use of short-term debt facility can help meet monthly cash outlay during the New T1 construction between issuance of long-term debt and preserve liquidity metrics



# Revolving Credit Agreement

The highest ranked proposal was from Bank Of America for a revolving line of credit for up to \$200 million with the following terms:

- 3-year term
- Tax Exempt pricing: SIFMA\* + 50 Basis Points (BPS)
- Taxable pricing: BSBY† Daily Floating Rate + 62 BPS
- Unutilized Pricing: up to 40% utilization 30 BPS; Greater than 40% utilization 0 BPS.

\*a 7-day high-grade market index comprised of tax-exempt Variable Rate Demand Obligations

† index maintained by Bloomberg and measures the average yields for banks to access overnight funding



# Program Documents

Final terms have been agreed with Bank of America. Documents required to implement Revolving Credit short term debt program:

The Revolving Credit Agreement with Bank of America which Sets forth the key terms including the \$200M commitment and 3-year term and the Authority's payment obligations, covenants and warranties

8th Supplemental Subordinate Bond indenture with US Bank is the Financing document that will set forth the general terms of the bonds including the pricing and security pledge

The AMT/Non-AMT/Taxable Notes are promissory notes that will evidence the Authority's payment obligations to the bank

# Recommendation and requested actions

Staff recommends that the Board:

Adopt Resolution No. 2021-XXXX:

- (1) Approving a Short-Term Borrowing Program in an aggregate principal amount not to exceed \$200,000,000 outstanding at any one time to provide an interim funding source for the New T1 and other capital projects;
- (2) Authorizing the President/CEO (or such other Designated Officer) to negotiate and execute a Revolving Credit Agreement with Bank of America, N.A.; and
- (3) Approving the form of an Eighth Supplemental Subordinate Trust Indenture, an AMT, Non-AMT and Taxable Note

# Questions?

## Staff Report

**Meeting Date: July 1, 2021**

### **Subject:**

**Approve and Authorize the President/CEO to Negotiate and Execute the First Amendment to the Turner-Flatiron, a Joint Venture, Contract for Airport Development Program Terminal and Roadways extending the Validation Phase**

### **Recommendation:**

Adopt Resolution No. 2021-0081, approving and authorizing the President/CEO to negotiate and execute the First Amendment to the Contract with Turner-Flatiron, a Joint Venture, extending the Validation Phase Services Agreement by 107 days from 300 days to 407 days and increasing the contract price by \$78,000,000 from \$80,000,000 to \$158,000,000 for validation phase services, extended design, early procurement, early construction, and select abatement and demolition activities.

### **Background/Justification:**

In 2012, the San Diego County Regional Airport Authority ("Authority") embarked on the next master-planning effort for San Diego International Airport ("SDIA") known as the Airport Development Plan ("ADP"). In 2019, the Authority published a draft Environmental Impact Report ("EIR") and in January 2020 the Authority Board ("Board") certified the Final EIR and authorized an increase to the Authority Capital Program Budget to implement the ADP. In September 2020, the Board authorized the selection of Turner-Flatiron, a Joint Venture ("JV") as the design build contractor for the ADP Package 1, Terminal and Roadways ("New T1") and authorized the JV to perform Validation Phase services for New T1. Staff requests Board authorization to extend the Validation Phase as described in this Staff Report.

The Board has taken the following actions related to the New T1:

1. On January 9, 2020, the Board adopted Resolution No. 2020-0001R, certifying the Final EIR for SDIA ADP and adopting a Mitigation Monitoring and Reporting Program, a Statement of Overriding Considerations, and California Environmental Quality Act ("CEQA") Findings of Fact;

2. On January 9, 2020, the Board adopted Resolution No. 2020-0002, adopting ADP Alternative 4;
3. On January 9, 2020, the Board adopted Resolution 2020-0003 approving and adopting a mid-year adjustment of \$3,000,000,000 to the Fiscal Year 2020-2024 Capital Program Budget to incorporate implementation of ADP Alternative 4; and
4. On September 3, 2020, the Board adopted Adopt Resolution No. 2020-0090, that approved and authorized the President/CEO to negotiate and execute a contract and a Validation Phase Services Agreement with the JV for validation phase services, design concept and documentation, early procurement work, and early construction in an amount not to exceed \$80,000,000 for New T1.

**New T1 Validation Phase**

After contract execution in September 2020, the JV began the Validation Phase. The New T1 is being implemented using a design-build delivery method that emphasizes and relies on exceptional performance, physical co-location, team alignment, transparency, and collaboration to achieve results that meet or exceed the Authority's expectations including those of cost, schedule, functionality, efficiency, aesthetics, customer experience, sustainability, and positive environmental and community impacts. Cost and schedule guarantees, for the work are developed progressively with the validation of the program, and the development of the design.

The Validation Phase provided the Contractor with an opportunity to examine and evaluate the requirements of the scope of work, including the Program Definition Document ("PDD"). The PDD is the information provided to the JV by the Authority that presents the Authority's vision, goals, objectives, criteria, and standards and to which, as amended, the JV will be held accountable. The Validation Phase serves as a transitional phase from the Authority's planning/programming to the JV's implementation of the project.

During the Validation Phase, the JV conducted the conceptual design, studies, and investigations necessary to verify site conditions and solidify the scope, budget, and schedule of the program in conformance with the PDD. Specifically, the JV:

1. conducted extensive meetings with staff and internal and external stakeholders to understand and validate the requirements of the PDD and to present early design concepts;
2. conducted significant site investigations including borings to investigate existing conditions including underground utilities, geotechnical borings, and supplemental environmental assessment;
3. performed studies and reports to facilitate early design work;

4. coordinated with local and regional agencies including the City of San Diego, SANDAG, and the Unified Port of San Diego;
5. coordinated with multiple federal government agencies;
6. advanced design of certain aspects of the project such as building structures, site grading, roadways and underground utilities to a level of completion that facilitated the preparation of a preliminary Maximum Contract Price ("MCP") and Master Project Schedule ("MPS");
7. developed conceptual designs and the aesthetic concepts for the terminal building façade in collaboration with the Lead Artist;
8. developed parking plaza, landscape and roadway concept designs;
9. developed drawings and documentation for Coastal Development Permit applications for various parts of the project;
10. developed implementation plans to document how the JV proposes to manage the implementation of the project; and
11. designed, procured and began fabrication of project management office complex modular trailers for JV and Authority project staff; and
12. negotiated a project labor agreement consistent with Board actions.

Authority staff and consultants worked collaboratively with the JV to facilitate Validation Phase work and understand and review the documentation provided by the JV.

### **Market Volatility**

At the beginning of the Validation Phase, construction activity across the country and the region had slowed significantly due to the COVID-19 pandemic. At that time, both the supply and demand for construction materials was reduced. In the last few months, with the availability of COVID-19 vaccines, the reduced prevalence of the COVID-19 disease, and the subsequent reopening of many parts of the regional economy, the demand for construction materials has risen very quickly, outpacing supply, and causing a high amount of price volatility. In addition, the active San Diego subcontractor labor market, with more than \$40 billion in local, concurrent major building projects, and civil work expected, has added additional pricing volatility.

Over the last two decades, the average annual rate of construction material cost escalation has been approximately 3.5%. According to Engineering News Record, a leading construction industry publication, the national escalation rate has increased to 8.3% over the last year. In addition, increases to the cost of basic construction materials such as gypsum wallboard, lumber, plywood, copper, aluminum, and mill steel have far exceeded the overall escalation rate.

As the JV proceeded with development of their MCP estimate, they reached out to various sources, both internal to the JV and external trade and manufacturing partners, that were able to confirm construction material price increases that were occurring and would likely impact the New T1. The JV incorporated the impacts of market volatility into their estimate.

Concurrently, the Authority and the JV embarked on a detailed process of refining the scope reflected in the PDD and in the JV's preliminary design documents. This process maintained the essential defining performance and experiential characteristics of the New T1 while reducing scope items that were impacting the MCP estimate without affecting the value of the project.

### **MCP and Validation Phase Extension**

The JV submitted their MCP proposal on May 21, 2021. With the support of independent third-party cost estimators and schedulers, staff is in the process of performing an extensive review and reconciliation of the JV's MCP, MPS, project scope, and assumptions and clarifications.

Staff believes it is in the best interest of the Authority to extend the Validation Phase of the project to continue to review and reduce the MCP. This process is expected to take up to three months. During this time, the JV will continue with design and start procurement of early subcontractor packages. In addition, they will begin abatement and demolition of select existing facilities that are no longer in use and thus require removal regardless of the implementation of the New T1. These efforts are expected to help maintain the expected opening date of the first 19 gates of the New T1, and to assist in the reduction of the MCP by reducing the risk associated with incomplete design and by potentially securing select subcontractor/material pricing commitments for early bid packages.

Staff requests that the Board authorize an extension to the Validation Phase of 107 calendar days to allow the Authority to continue validating the JV's proposal and to negotiate an MCP that does not exceed the JV's current MCP proposal. This extension includes additional funds of \$78,000,000 for validation phase services, extended design, early procurement, early construction, and select abatement and demolition activities.

Staff expects to return to the Board in October to request authorization for the Validation Amendment, which would include a MCP, MPS, and all other Validation Phase deliverables.



## Fiscal Impact:

Adequate funds for Turner-Flatiron Validation Phase Services Agreement extension are included within the Board approved FY2022-FY2026 Capital Program Budget within the New T1 line item. Sources of funding are Airport Revenue Bonds, Airport Cash, and short-term borrowing facility.

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

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

## Environmental Review:

- A. CEQA: This Board action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020.
- B. California Coastal Act Review: An application for a Coastal Development Permit has been made for the proposed project and will be issued prior to construction.
- C. NEPA: This Board action is a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA’s NEPA environmental review process (an Environmental Assessment) will be completed prior to the commencement of any related site preparation or construction activities. However, the demolition of select vacant facilities, which is included in this Board action and has separate and independent utility, received a Section 163 determination by the FAA on May 12, 2020, and, therefore, does not require further review under NEPA.



## **Application of Inclusionary Policies:**

The Authority has the following inclusionary programs/policies/approach: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and the Inclusionary Approach. These programs/policy/approaches are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts.

The Terminal and Roadways contract is funded both by federal and non-federal dollars (mixed funded) therefore the DBE Program and Inclusionary Approach applies. DBE participation on the federally funded work will be counted towards the Authority's overall DBE goal. No preferences were applied to the award of the contract, however Turner-Flatiron submitted an Inclusionary Outreach Plan which delineates their commitment to working with the Authority to maximize participation by small, local, veteran owned small businesses and disadvantaged business enterprises.

## **Prepared by:**

Dennis Probst

Development: Vice President & Chief Development Officer

## **RESOLUTION NO. 2021-0081**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE THE FIRST AMENDMENT TO THE CONTRACT WITH TURNER-FLATIRON, A JOINT VENTURE, EXTENDING THE VALIDATION PHASE SERVICES AGREEMENT BY 107 DAYS FROM 300 DAYS TO 407 DAYS AND INCREASING THE CONTRACT PRICE BY \$78,000,000 FROM \$80,000,000 TO \$158,000,000 FOR VALIDATION PHASE SERVICES, EXTENDED DESIGN, EARLY PROCUREMENT, EARLY CONSTRUCTION, AND SELECT ABATEMENT AND DEMOLITION ACTIVITIES

**WHEREAS**, in 2012, the San Diego County Regional Airport Authority (“Authority”) embarked on a master-planning effort for San Diego International Airport (“SDIA”) known as the Airport Development Plan (“ADP”).

**WHEREAS**, in 2019, the Authority published a draft Environmental Impact Report (“EIR”) for SDIA ADP; and

**WHEREAS**, the Authority Board (“Board”) has taken the following actions related to the ADP:

1. On January 9, 2020, the Board adopted Resolution No. 2020-0001R, certifying the Final EIR for SDIA ADP and adopting a Mitigation Monitoring and Reporting Program, a Statement of Overriding Considerations, and California Environmental Quality Act (“CEQA”) Findings of Fact;
2. On January 9, 2020, the Board adopted Resolution No. 2020-0002, adopting Alternative 4 of the ADP;

3. On January 9, 2020, the Board adopted Resolution 2020-0003 approving and adopting a mid-year adjustment of \$3,000,000,000 to the Fiscal Year 2020-2024 Capital Program Budget to incorporate implementation of ADP Alternative 4; and
4. On September 3, 2020, the Board adopted Adopt Resolution No. 2020-0090, that approved and authorized the President/CEO to negotiate and execute a contract and a Validation Phase Services Agreement with Turner-Flatiron, a Joint Venture ("JV") for validation phase services, design concept and documentation, early procurement work, and early construction in an amount not to exceed \$80,000,000 for ADP Package 1 Terminal and Roadways ("New T1").

**WHEREAS**, in September 2020, the JV began the Validation Phase; and

**WHEREAS**, the New T1 is being implemented using a design-build delivery method that emphasizes and relies on exceptional performance, physical co-location, team alignment, transparency, and collaboration to achieve results that meet or exceed the Authority's expectations including those of cost, schedule, functionality, efficiency, aesthetics, customer experience, sustainability, and positive environmental and community impacts; and

**WHEREAS**, cost and schedule guarantees for the work are developed progressively with the validation of the program, and the development of the design; and

**WHEREAS**, the Validation Phase provides the Contractor with an opportunity to examine and evaluate the requirements of the scope of work, including the Program Definition Document ("PDD"); and

**WHEREAS**, the PDD is the information provided to the JV by the Authority that presents the Authority's vision, goals, objectives, criteria, and standards and to which, as amended, the JV will be held accountable; and

**WHEREAS**, during the Validation Phase, the JV conducted the conceptual design, studies, and investigations necessary to verify site conditions; solidified the scope, budget, and schedule of the program in conformance with the PDD; coordinated with local and regional agencies and with multiple federal government departments; developed drawings and documentation for Coastal Development Permit applications for various parts of the project; developed implementation plans to document how the JV proposes to manage the implementation of the project; designed, procured and began fabrication of project management office complex modular trailers for JV and Authority project staff; negotiated a project labor agreement consistent with Board actions; and developed a preliminary Maximum Contract Price ("MCP") and Master Project Schedule ("MPS"); and

**WHEREAS**, Authority staff and consultants worked collaboratively with the JV to facilitate Validation Phase work and understand and review the documentation provided by the JV; and

**WHEREAS**, at the beginning of the Validation Phase, construction activity across the country and the region had slowed significantly due to the COVID-19 pandemic and at that time, both the supply and demand for construction materials was reduced; and

**WHEREAS**, with the reduced prevalence of the COVID-19 disease, and the subsequent reopening of many parts of the regional economy, the demand for construction materials has risen very quickly, outpacing supply, and causing a high amount of price volatility; and

**WHEREAS**, the active San Diego subcontractor labor market, has added additional pricing volatility; and

**WHEREAS**, over the last two decades, the average annual rate of construction material cost escalation has been approximately 3.5% and the national escalation rate has increased to 8.3% over the last year; and

**WHEREAS**, increases to the cost of basic construction materials such as gypsum wallboard, lumber, plywood, copper, aluminum, and mill steel, have far exceeded the overall escalation rate; and

**WHEREAS**, as the JV proceeded with development of their MCP estimate, they were able to confirm construction material price increases that were occurring and would likely impact the New T1, and incorporated the impacts of market volatility into their estimate; and

**WHEREAS**, concurrently, the Authority and the JV embarked on a detailed process of refining the scope reflected in the PDD and in the JV's preliminary design documents, and were able to maintain the essential defining performance and experiential characteristics of the New T1 while reducing scope items that were impacting the MCP estimate without affecting the value of the project; and

**WHEREAS**, the JV submitted their MCP proposal on May 21, 2021; and

**WHEREAS**, with the support of independent third-party cost estimators and schedulers, staff is in the process of performing an extensive review and reconciliation of the JV's preliminary MCP proposal, MPS, project scope, and assumptions and clarifications; and

**WHEREAS**, staff believes it is in the best interest of the Authority to extend the Validation Phase of the project to continue to review and reduce the MCP; and

**WHEREAS**, this process is expected to take up to three months, during which time the JV will continue with design and start procurement of early subcontractor packages; and

**WHEREAS**, in addition, they will begin abatement and demolition of select existing facilities that are no longer in use and thus require removal regardless of the implementation of the New T1; and

**WHEREAS**, these efforts are expected to help maintain the expected opening date of the first 19 gates of the New T1 and to assist in the reduction of the MCP by reducing the risk associated with incomplete design and by potentially securing select subcontractor/material pricing commitments for early bid packages; and

**WHEREAS**, staff requests that the Board authorize an extension to the Validation Phase of 107 calendar days to allow the Authority to continue validating the JV's proposal and to negotiate an MCP that does not exceed the JV's current MCP proposal. This extension includes additional funds of \$78,000,000 for validation phase services, extended design, early procurement, early construction, and select abatement and demolition activities; and

**WHEREAS**, staff expects to return to the Board in October to request authorization for the Validation Amendment, which would include the MCP, MPS, and all other Validation Phase deliverables.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves and authorizes the President/CEO to negotiate and execute an Amendment to the Contract with Turner-Flatiron, a Joint Venture, extending the Validation Phase Services Agreement by 107 days from 300 days to 407 days and increaseing the contract price by \$78,000,000 from \$80,000,000 to \$158,000,000 for validation phase services, extended design, early procurement, early construction, and select abatement and demolition activities; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020; and

**BE IT FURTHER RESOLVED** that an application for a Coastal Development Permit has been made for the proposed project and will be issued prior to construction; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and therefore, also requires review under the National Environmental Policy Act ("NEPA") for its potential environmental impacts. The FAA's NEPA environmental review process (an Environmental Assessment) will be completed prior to the commencement of any related site preparation or construction activities noting that the demolition of select vacant facilities, which is included in this Board action and has separate and

**Resolution No. 2021-0081**

Page 6 of 6

independent utility, received a Section 163 determination by the FAA on May 12, 2020 and, therefore, does not require further review under NEPA.

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1<sup>st</sup> day of July, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL



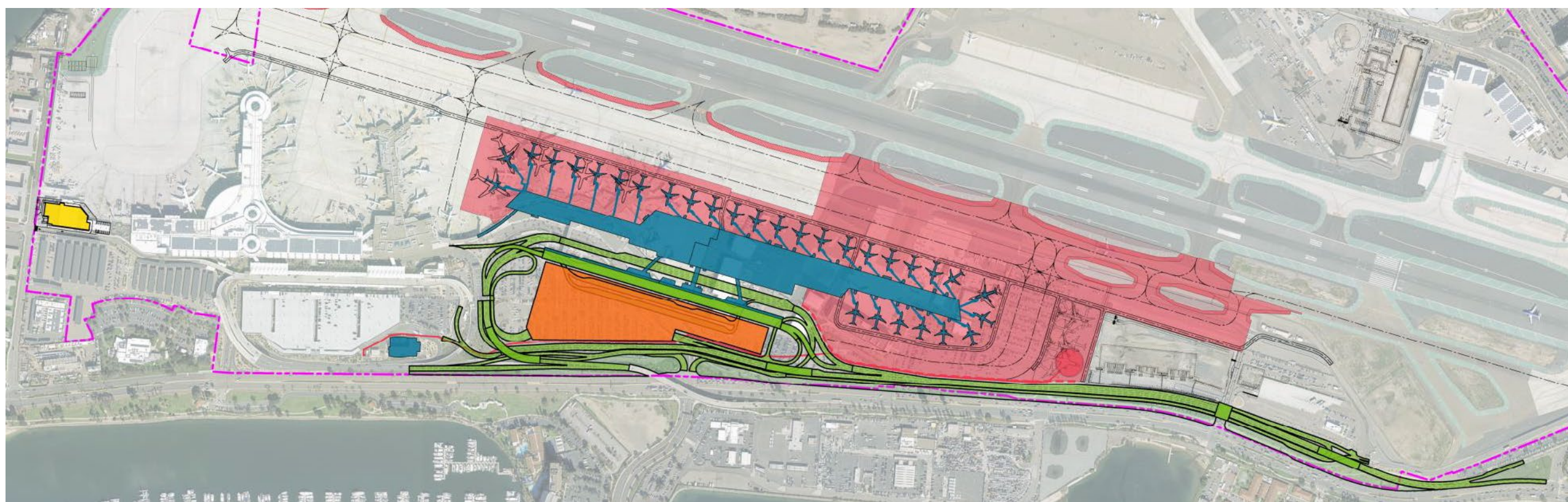
# Terminal & Roadways Contract

Presented by Dennis Probst, Vice President Development

July 1, 2021



# Overall Project Scope



**Package 1 – Terminal and Roadways**



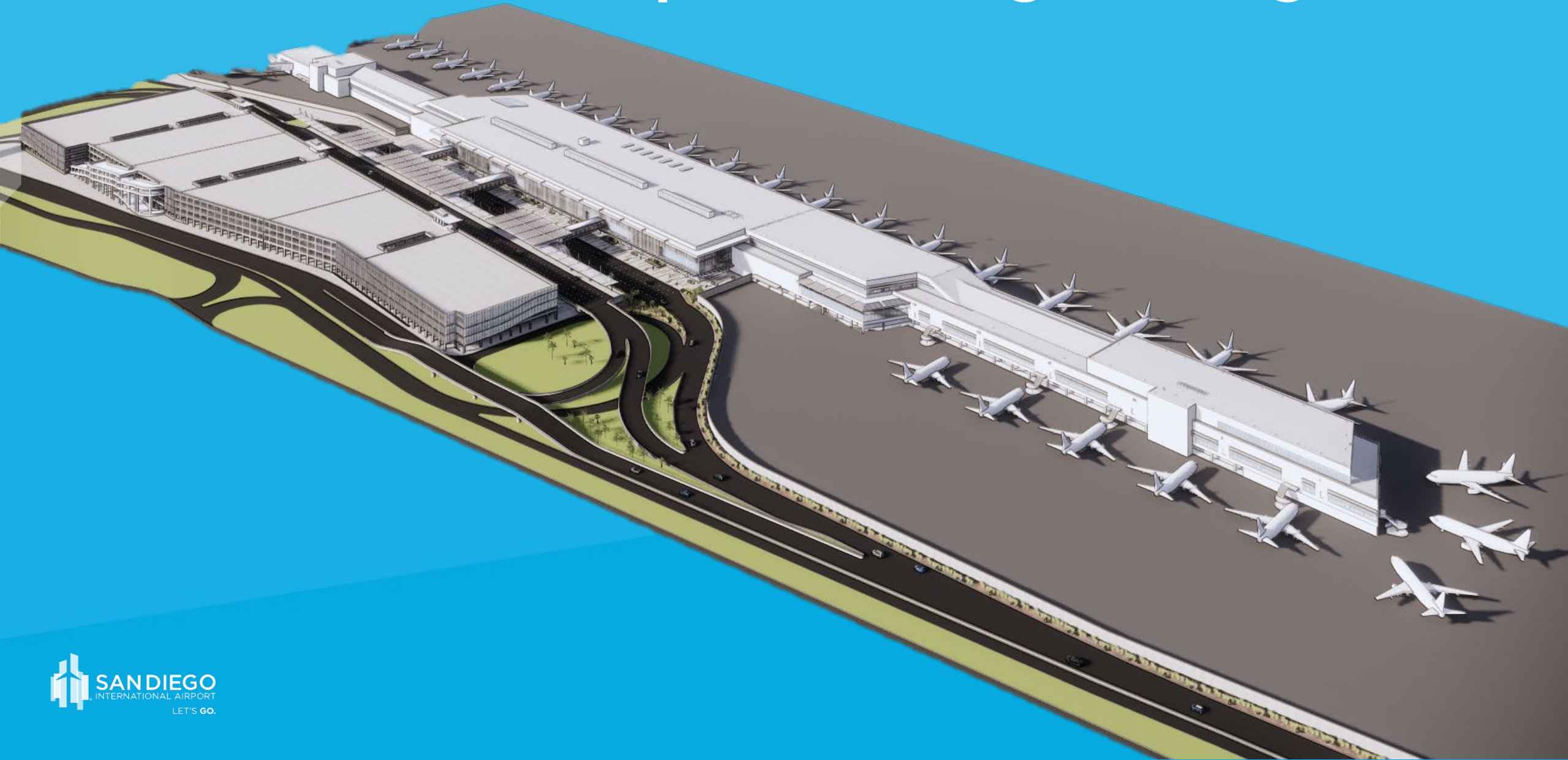
**Package 2 – Airside Improvements**



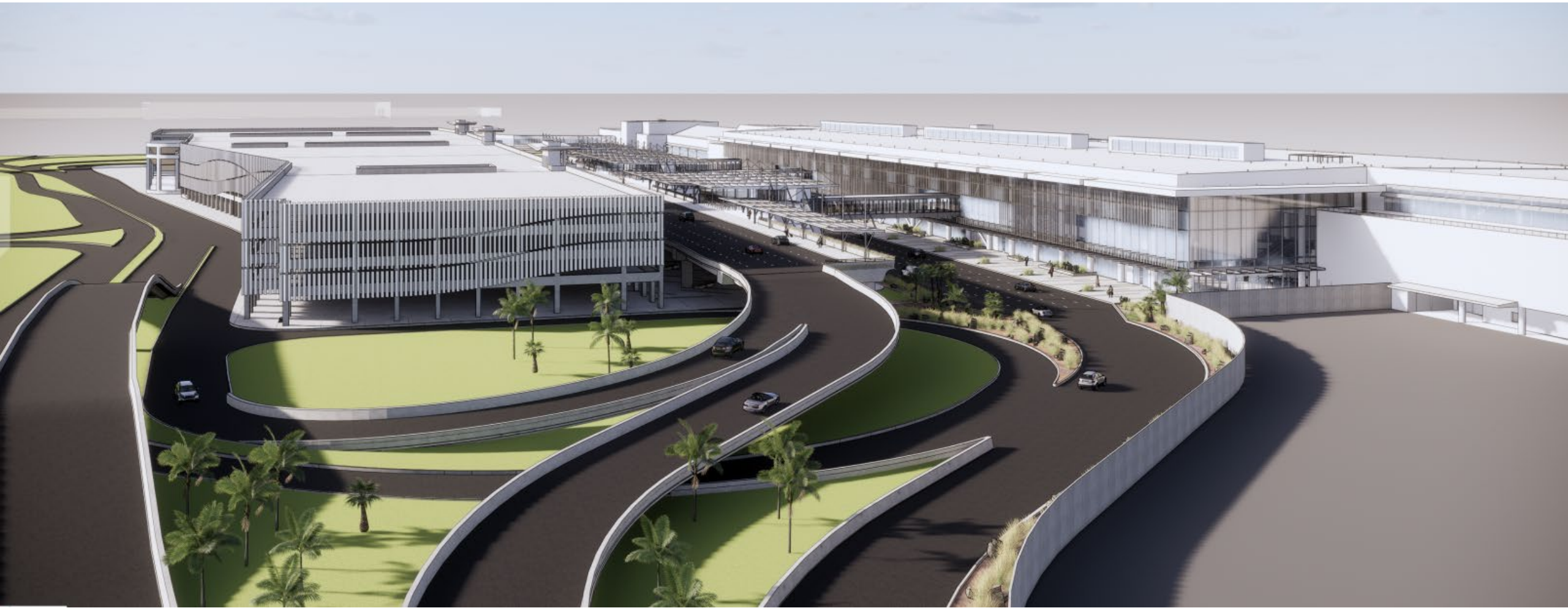
**Package 3 – Administration Building**



# New T1RP Campus Building Massing

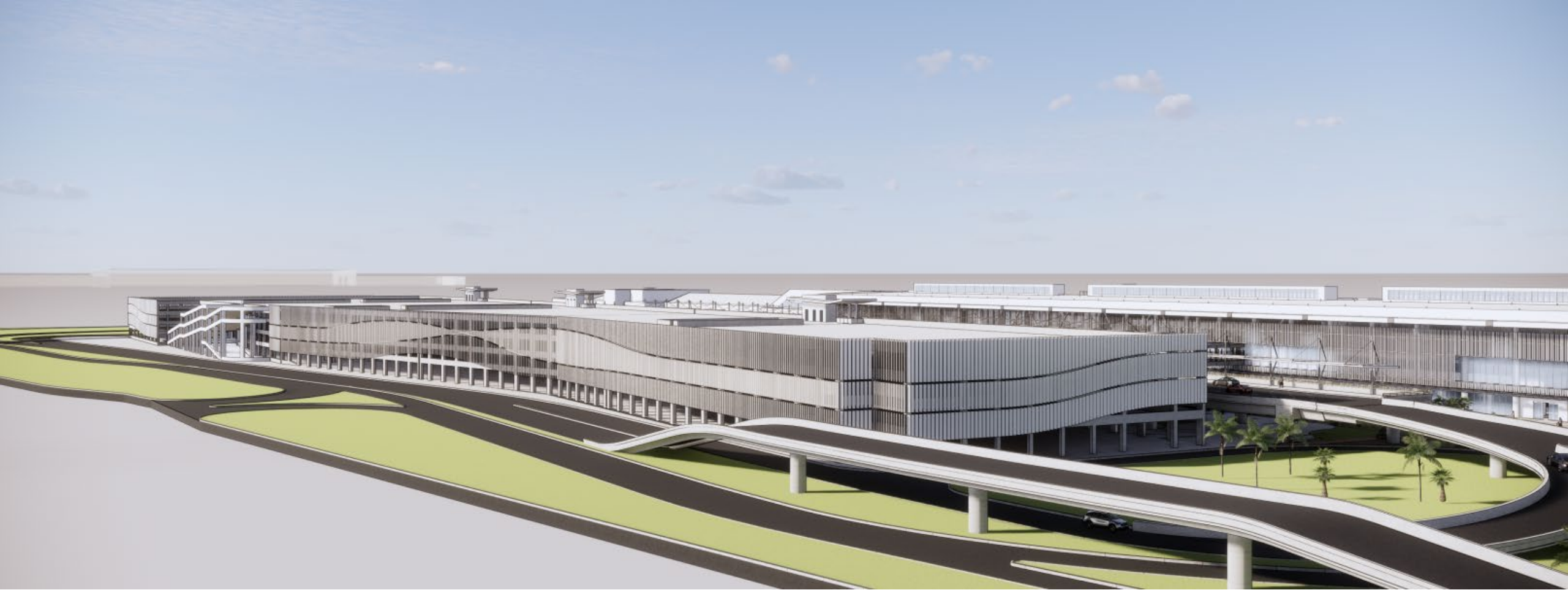


# | T1RP New T1 Campus





# | T1RP View from Harbor Drive



# | T1RP Elevated Departures Roadway (EDR)

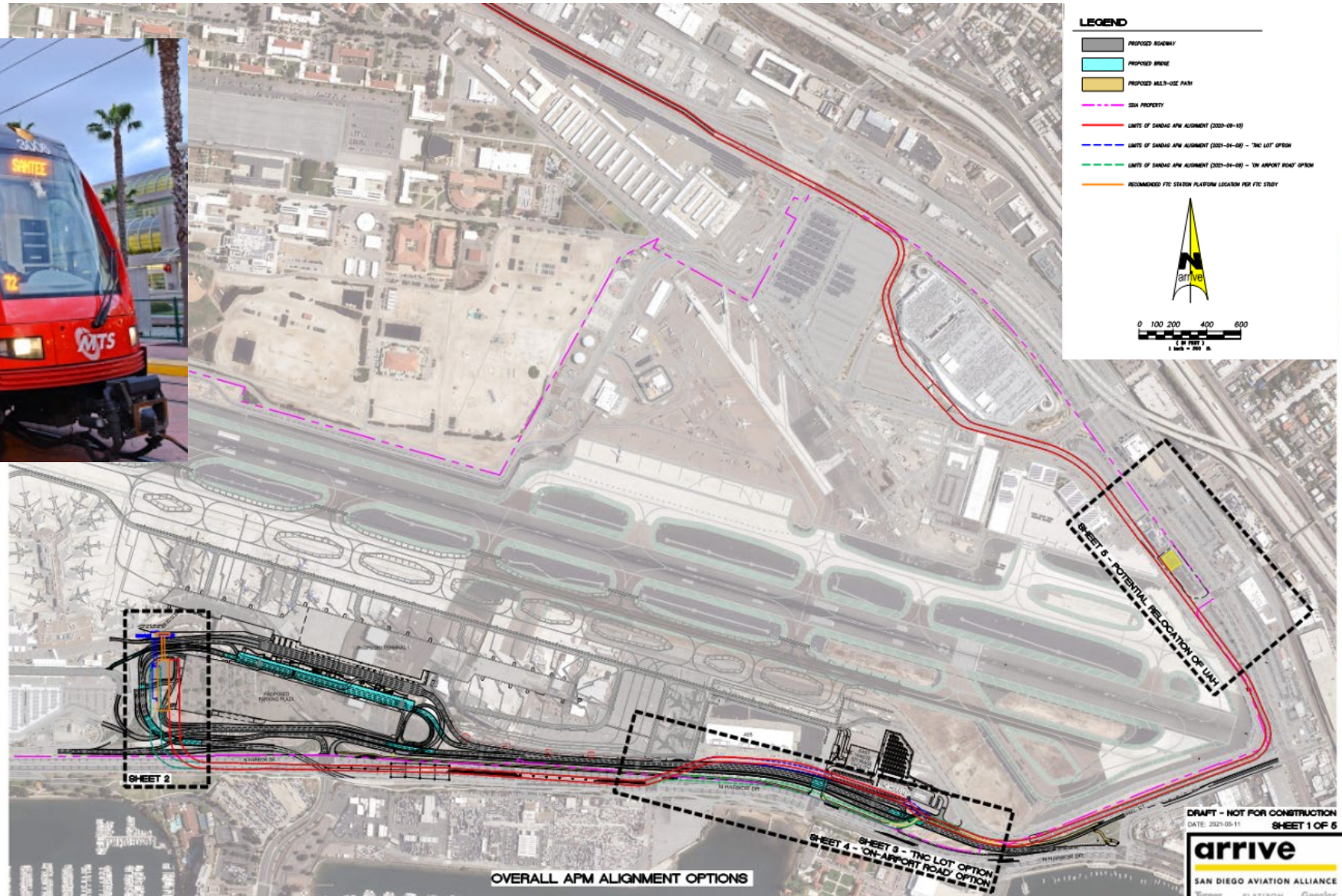




# T1RP Coordination with Community Transit

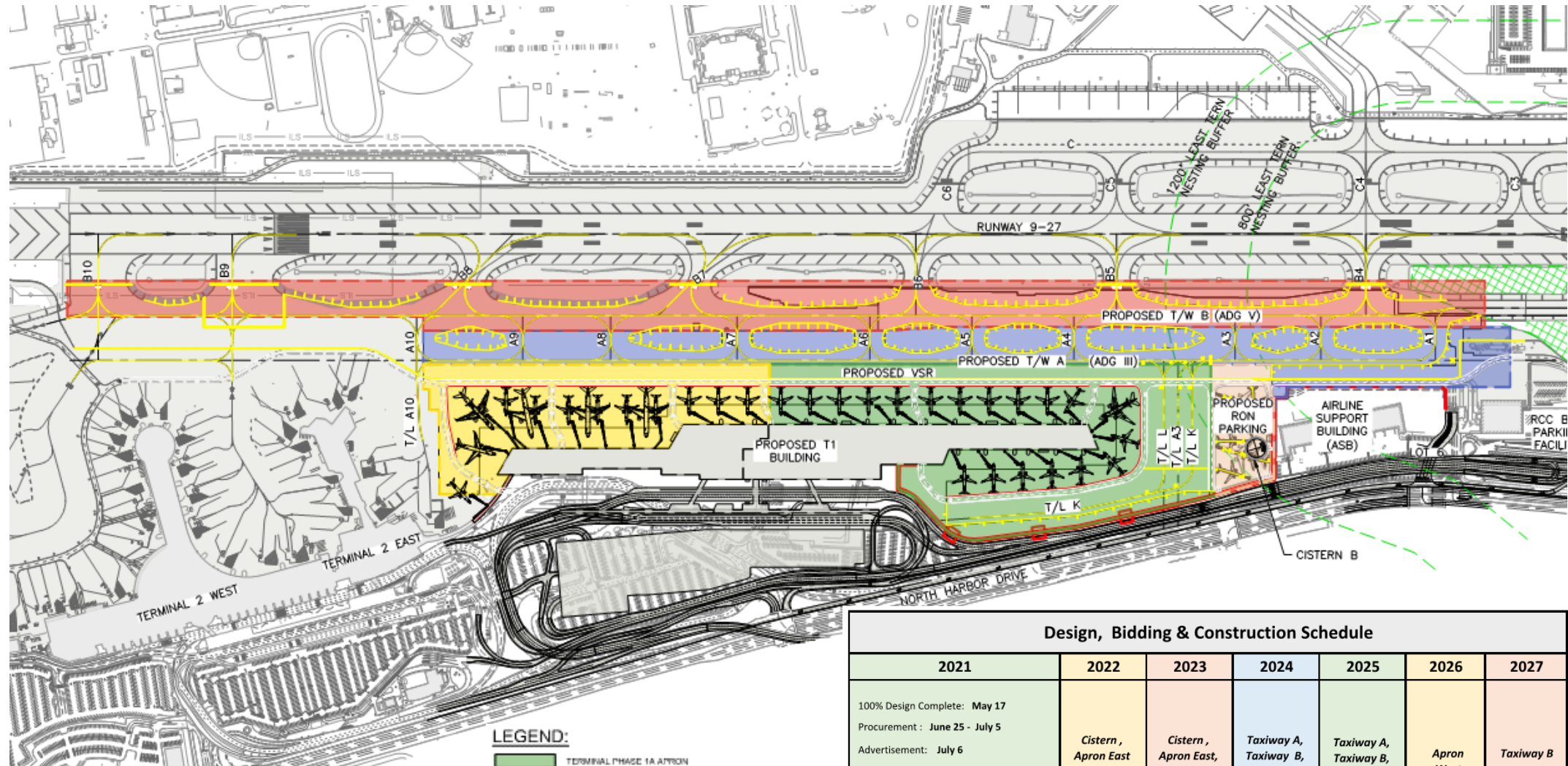


- APM, Airport Connector
- SANDAG
- Central Mobility Hub
- Port Master Plan





# Airside Apron and Taxiway Phasing



Design, Bidding & Construction Schedule						
2021	2022	2023	2024	2025	2026	2027
100% Design Complete: May 17 Procurement: June 25 - July 5 Advertisement: July 6 Bid Opening: Aug. 5 Board Meeting: Sept. 6 Notice To Proceed: Oct. 17	Cistern , Apron East & Taxiway A	Cistern , Apron East, RON & Taxiway A	Taxiway A, Taxiway B, RON & Apron East	Taxiway A, Taxiway B, RON & Apron West	Apron West	Taxiway B
Design, Bidding & Award	Construction					

# | Action Requested

## Approve Recommendation:

Approve and authorize the President/CEO to negotiate and execute an Amendment to the Contract with Turner-Flatiron, a Joint Venture, extending the Validation Phase Services Agreement by 107 days from 300 days to 407 days and increasing the contract price by \$78,000,000 from \$80,000,000 to \$158,000,000 for validation phase services, extended design, early procurement, early construction, and select abatement and demolition activities



# Questions?

## Staff Report

Meeting Date: July 1, 2021

### Subject:

**Approve and Authorize the President/CEO to Negotiate and Execute a Contract and a Future Guaranteed Maximum Price Amendment with Sundt Construction, Inc., for Design and Construction of Airport Development Program Package 3 – New Administration Building**

### Recommendation:

Adopt Resolution No. 2021-0082, approving and authorizing: the President/CEO to negotiate and execute (1) a Contract with Sundt Construction, Inc., establishing a Maximum Contract Price of \$91,379,967 and a contract duration of 930 calendar days for the design and construction of Airport Development Program Package 3, New Administration Building; (2) a future Guaranteed Maximum Price Amendment within the Maximum Contract Price after execution of the Contract; and (3) removal of the existing program management complex trailers.

### Background/Justification:

During the preparation of the Airport Development Plan ("ADP") and the programming for the terminal and roadways that will replace the existing Terminal 1 ("New T1"), San Diego County Regional Airport Authority ("Authority") staff and consultants determined that the existing Authority administration building conflicted with New T1 and needed to be demolished to allow for the opening and operation of New T1. Staff investigated various options and locations for Authority staff offices and recommended the construction of a new administration building located at the far west end of San Diego International Airport ("SDIA").

The New Administration Building was included within the draft ADP Environmental Impact Report ("EIR") issued in 2019 and in the Final EIR certified by the Authority Board ("Board") in January 2020 as part of Resolution No. 2020-0001R. In addition, the budget for this project was incorporated into the Authority's Capital Program as part of Resolution No. 2020-003, also approved in January 2020.

Staff and consultants have developed a set of conceptual design documents ("Bridging Documents") that describe the Authority's minimum performance and program requirements for a project and consist of drawings and specifications that are at an early level of completion and design standards and criteria.

The New Administration Building will be a new four-story, approximately 130,000 square foot office building that includes the Authority's administrative offices; Authority Board Room; Airport Operations Center ("AOC"); Security Operations Center ("SOC"); and Emergency Operations Center ("EOC") and will allow for the consolidation of most Authority staff into a single building.

The Board Room, meeting spaces for large over-flow crowds, and an innovation lab will be located on the first floor along with some staff office areas. The AOC, SOC, and EOC will be located on the second floor along with office space for the Operations Division. The third and fourth floors of the building will consist of staff office areas. The building is designed with clear separation between public and office-oriented spaces to increase building security and includes spaces on all the floors to facilitate increased collaboration between departments.

## New Administration Building Project Delivery

The project will be implemented using a design-build delivery method utilizing a single contractor to both design and construct the building. This method emphasizes exceptional performance, team alignment, transparency, and collaboration to achieve results that meet or exceed the Authority's expectations including those of cost, schedule, functionality, efficiency, aesthetics, customer experience, sustainability, and positive environmental and community impacts.

A Maximum Contract Price ("MCP"), a Proposed Project Schedule ("PPS"), and various implementation plans based upon the Bridging Documents were requested as part of a two-step procurement process.

The project is organized in the following major phases:

1. 30% Design Phase: This phase is the period immediately following notice to proceed during which the contractor will validate the Bridging Documents; perform a detailed site examination; complete various required supplemental studies and reports; complete 30% design; execute a project labor agreement; finalize the PPS and convert it into a Master Project Schedule ("MPS"); and complete various implementation plans.

2. Guaranteed Maximum Price ("GMP") Development Phase: Upon successful completion of the 30% Design Phase, the contractor will proceed with this phase during which the design will progress, and trade packages will be issued and awarded as needed to meet the schedule. When the design has progressed such that the scope is sufficiently complete and reliable, a GMP will be established, subject to an open book reconciliation, in an amount less than or equal to the MCP.
3. GMP Phase: This phase consists of the remainder of design and construction up to substantial completion and final acceptance.

## Contractor Selection

The recommended contractor for the New Administration Building was selected using a procurement process that began with a Request for Qualifications ("RFQ") to shortlist qualified design-build teams and was followed with a Request for Proposals ("RFP") to determine the most qualified design-build team.

On April 27, 2020, the Authority issued a RFQ that requested Statements of Qualifications ("SOQs") from respondents that included the following:

1. Organization chart and narrative describing their proposed team organization;
2. Information on the technical qualifications and capabilities of the Core Team – the Core Team consists of the design-build contractor, the lead architect, the structural engineer, the AOC and EOC designer, and the interior designer;
3. The respondent's sustainability approach;
4. Representative projects;
5. Resumes for Key Personnel – the Key Personnel consist of four staff members from the design-build contractor and one staff member each from the lead architect, the structural engineer, the AOC and EOC designer, and the interior designer;
6. Financial Statements; and
7. Inclusionary Approach and Commitment.

Respondents were also required to submit within their SOQs documentation confirming that they had a worker's compensation Experience Modification Rating less than or equal to 1.0.

On June 2, 2020, the Authority received SOQs from the nine respondents listed in alphabetical order below:

Balfour Beatty Construction, LLC ("Balfour Beatty")  
Hensel Phelps Construction Co. ("Hensel Phelps")  
PCL Construction Services, Inc. ("PCL")  
Rudolph and Sletten  
Suffolk Construction Company, Inc. ("Suffolk")  
Sundt Construction Inc. ("Sundt")  
Swinerton Builders ("Swinerton")  
The Whiting-Turner Contracting Company ("Whiting-Turner")  
Webcor Construction, LLP ("Webcor")

An RFQ Evaluation Panel comprised of the Authority's Vice President of Operations, Director of Information and Technology Services, Director of Aviation Security and Public Safety, Director of Customer Experience & Innovation, and one senior staff member each from the Planning & Environmental Affairs, Airport Design and Construction, and Talent, Culture & Capability departments conducted a thorough review of the SOQs. A technical advisory group comprised of Authority staff and consultants also reviewed the SOQs and provided their observations to the RFQ Evaluation Panel.

On June 25, 2020, the RFQ Evaluation Panel met to rank and score the respondents. A summary of the ranking and scoring is below:

RFQ combined ranking:

Firms	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Panelist 5	Panelist 6	Panelist 7	Total	Rank
Balfour Beatty	5	5	4	5	5	5	3	32	4
Hensel Phelps	4	4	3	3	2	4	1	21	2
PCL	3	7	5	4	2	6	5	32	4
Rudolph and Sletten	9	6	8	7	8	7	8	53	8
Suffolk	8	9	9	8	9	8	7	58	9
Sundt	2	3	1	1	1	1	1	10	1
Swinerton	1	2	1	2	4	2	9	21	2
Whiting-Turner	7	8	7	9	7	9	4	51	7
Webcor	6	1	6	6	6	3	6	34	6

RFQ combined scoring:

<b>Firms</b>	<b>Inclusionary Approach and Commitment</b>	<b>Financial Statements</b>	<b>Organization, Sustainability</b>	<b>Technical Qualifications</b>	<b>Representative Projects</b>	<b>Key Personnel</b>	<b>Total</b>
Balfour Beatty	28	112	663	795	1680	1645	4923
Hensel Phelps	28	112	663	795	1890	1820	5308
PCL	28	112	676	765	1610	1680	4871
Rudolph and Sletten	28	112	572	600	1295	1225	3832
Suffolk	28	62	520	555	1225	1155	3545
Sundt	28	112	728	885	2065	1995	5813
Swinerton	28	112	715	840	1960	1925	5580
Whiting-Turner	28	112	533	585	1155	1225	3638
Webcor	28	42	624	735	1715	1680	4824

The RFQ Evaluation Panel determined that the top three ranked respondents (Sundt, Swinerton, and Hensel Phelps) were qualified and shortlisted them for the RFP phase.

On November 20, 2020, the Authority issued the RFP to the three shortlisted respondents. The RFP process included an interactive meeting with each of the respondents, a contract meeting with each of the respondents, the submittal of a proposal, and an interview with each of the respondents.

The interactive meetings were extended, collaborative discussions between the respondents and Authority stakeholders dedicated to topics of importance to the development of the respondent's proposal. These topics included discussions related to the Bridging Documents and respondent assumptions and clarifications. The interactive meetings also provided Key Personnel an opportunity to demonstrate their ability to create value and develop solutions that support the Authority's goals and priorities through collaboration with the Authority's project team and stakeholders.

The contract meetings were an opportunity for the respondents to discuss exceptions, questions, and concerns about the draft contract that was included as part of the RFP.

The proposals included a technical proposal with the following components:

1. A proposed project schedule documenting how the respondent proposes to complete project work within the required duration;
2. A draft co-location plan describing how the respondent intends to optimize collaboration and transparency through co-location, co-located personnel and how colocation will serve the best interests of the project;

3. An integrated design review/permitting/trade package implementation plan describing how the Respondent will conduct design reviews, develop permitting documents and develop trade packages;
4. A project management processes and procedures plan describing how the respondent will manage the development of the project including but not limited to: design management; meetings; communication and information management; cost control and change management; and schedule management;
5. A proposed strategy on how best to manage risks associated with sub-surface geotechnical conditions;
6. Documentation memorializing potential solutions and innovative ideas presented during the Interactive Meeting; and
7. An inclusionary outreach plan describing the respondent's approach towards small business, local business, and service-disabled and veteran-owned small business outreach and participation.

The proposals also included a Price Proposal Form for various components of the MCP and an optional attachment for any contract exceptions.

The Authority received proposals from all three shortlisted respondents on March 19, 2021.

An RFP Evaluation Panel comprised of the Authority's Vice President of Operations, Director of Information and Technology Services, Director of Aviation Security and Public Safety, Director of Customer Experience & Innovation, Director of Finance and Risk Management, and one senior staff member each from the Planning & Environmental Affairs, Airport Design & Construction, and Talent, Culture & Capability departments conducted a thorough review of the proposals. A technical advisory group comprised of Authority staff and consultants also reviewed the proposals and provided their observations to the RFP Evaluation Panel.

The RFP Evaluation Panel interviewed the three respondents on May 4, 2021. Following the interviews, Authority staff provided responses to the assumptions and clarifications that all three respondents had included with their price proposals and provided the respondents an opportunity to update their price proposals.

The RFP Evaluation Panel ranked and scored the respondents as follows:

RFP combined ranking:

Firms	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Panelist 5	Panelist 6	Panelist 7	Panelist 8	Total	Rank
Hensel Phelps	2	2	3	3	3	3	3	2	21	3
Sundt	1	1	1	1	1	1	1	1	8	1
Swinerton	3	3	2	2	2	2	2	3	19	2



RFP combined scoring:

Firms	Price Proposal	Proposed Project Schedule	Draft Implementation Plans	Key Personnel	Inclusionary Outreach Plan	Total	Rank
Hensel Phelps	2880	260	2009	448	108	5705	3
Sundt	3240	365	2993	560	152	7310	1
Swinerton	3240	265	1763	560	136	5964	2

Based on the final rankings above, the RFP Evaluation Panel determined that Sundt is the firm best qualified to design and construct the New Administration Building and recommends that the Board authorize the Authority to contract with them for overall design and construction of the New Administration Building.

The recommended contractor's MCP is: \$91,379,967.

The contract requires project design and construction to be substantially complete within 780 calendar days from the issuance of a notice to proceed and for the contractor to achieve final completion within 930 calendar days after the issuance of a notice to proceed.

The project schedule includes the following key milestones:

Anticipated Milestone Event	Planned Date
Notice to Proceed & Start of 30% Design Phase	July 2021
Anticipated Start of Construction	Late Fall 2021
Construction Substantial Completion	September 2023
Completion of Staff Move-in	October 2023
Contract Final Acceptance & Completion	February 2024

## Background on Recommended Team

Sundt will be under contract with the Authority and will be responsible for the design and construction of the overall project. Founded in 1890, Sundt has 11 offices across four states, which includes a large San Diego office. Sundt has worked with the Authority since 2009, first as part of the joint venture contractors that built the Green Build landside expansion and the Rental Car Center and, since 2018, as the contractor responsible for the design and construction of the Airport Support Facilities ("ASF"). The ASF project is valued at over \$150 million and includes a new airline support building, a new office facility for the Authority's Facilities Management Department, and a separate building for the airline fueling operator.



HOK will be the lead architect and interior design firm under contract to Sundt. Founded in 1955, HOK is a global design, architecture, engineering, and planning firm with 1600 staff across 23 offices. HOK is the lead architect for the ASF project and has extensive experience in aviation design, including the design of administration buildings and AOC/EOC facilities.

The project core team is rounded out by KPFF Consulting Engineers who will be the structural engineers for the project and by Moye Consulting who will serve as the aviation systems consultants and designers for the AOC/EOC.

#### Small Business, Local Business, and Service-Disabled Veteran-Owned Small Business Goals

Sundt's Inclusionary Outreach Plan sets a goal for Small Business ("SB") and Service Disabled Veteran-Owned Small Businesses ("SD/VOSB") participation in the project as well as a separate goal for Local Business ("LB") participation. These goals represent Sundt's minimum commitment for the project.

	SB & SD/VOSB	LB
Percentage of Available Subcontracting Opportunities	35%	75%

#### New Administration Building Total Budget

In January 2020, the Board authorized a \$103,000,000 total budget for the New Administration Building. After receiving the MCP and reviewing other project costs, staff intends to lower the budget for the New Administration Building to \$102,000,000. The savings will be returned to the ADP program contingency and would be available for use in other projects. The total budget is summarized below:

Description	Budget Amount
Contractor Maximum Contract Price	\$ 91,379,967
Total Authority Costs (Program Management, Authority Departmental Support, Insurance, & Permit Fees)	\$ 10,620,033
Total Budget	\$ 102,000,000

#### Requested Authorizations

Staff requests that the Board approve and authorize the President/CEO to negotiate and execute (1) a Contract with Sundt Construction, Inc., establishing a Maximum Contract Price of \$91,379,967 and a contract duration of 930 calendar days for the design and construction of Airport Development Program Package 3, New Administration Building; and (2) a future Guaranteed Maximum Price Amendment within the Maximum Contract Price after execution of the Contract.

In addition, staff requests that the Board authorize (3) the removal of the existing program management complex ("PMC") trailers on the site of the New Administration Building as part of the New Administration Building project. The existing PMC trailers are considered Authority-owned equipment and are thus subject to Authority Policy 8.21 Surplus Materials and Equipment. Staff believes that the most expeditious and cost-effective way to dispose of the existing trailers is to have them removed as part of the project. The New Administration Building contractor will competitively procure the removal of the trailers as part of their project scope and any residual value remaining after the removal will be credited against the MCP.

## Fiscal Impact:

Funds for Airport Development Program Package 3, the New Administration Building are included within the approved FY2022-FY2026 Capital Program Budget. Capital sources of funding will include General Airport Revenue Bonds and Airport Cash.

## Authority Strategies/Focus Areas:

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

### Strategies

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

### Focus Areas

- |  |   |  |
|--|---|--|
| <input checked="" type="checkbox"/> Advance the Airport Development Plan | <input type="checkbox"/> Transform the Customer Journey | <input type="checkbox"/> Optimize Ongoing Business |
|--|---|--|

## Environmental Review:

- A. CEQA: This Board action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020.
- B. California Coastal Act Review: This Board action is a project that the California Coastal Commission issued a Coastal Development Permit (6-20-0154) for on August 13, 2020.
- C. NEPA: This Board action is a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA’s NEPA environmental review process (an Environmental Assessment) will be completed prior to the commencement of any related site preparation or construction activities.

## Application of Inclusionary Policies:

The Authority has the following inclusionary programs/policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. Additionally, the Authority has the Inclusionary Approach which is intended to promote the inclusion of small, local, service disabled/veteran owned small businesses, historically underrepresented businesses and other business enterprises, on large contracts.

No preferences were applied to the award of the New Administration Building contract with Sundt; however, Sundt submitted an Inclusionary Outreach Plan that delineates their commitment to working with the Authority to maximize participation by small, local, disadvantaged, and service disabled/veteran owned small businesses on this contract.

## Prepared by:

DENNIS PROBST

DEVELOPMENT: VICE PRESIDENT & CHIEF DEVELOPMENT OFFICER

## **RESOLUTION NO. 2021-0082**

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING: THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE (1) A CONTRACT WITH SUNDT CONSTRUCTION, INC., ESTABLISHING A MAXIMUM CONTRACT PRICE OF \$91,379,967 AND A CONTRACT DURATION OF 930 CALENDAR DAYS FOR THE DESIGN AND CONSTRUCTION OF AIRPORT DEVELOPMENT PROGRAM PACKAGE 3, NEW ADMINISTRATION BUILDING; (2) A FUTURE GUARANTEED MAXIMUM PRICE AMENDMENT WITHIN THE MAXIMUM CONTRACT PRICE AFTER EXECUTION OF THE CONTRACT; AND (3) REMOVAL OF THE EXISTING PROGRAM MANAGEMENT COMPLEX TRAILERS

**WHEREAS**, during the preparation of the Airport Development Plan ("ADP") and the programming for the terminal and roadways that will replace the existing Terminal 1 ("New T1"), San Diego County Regional Airport Authority ("Authority") staff and consultants determined that the existing Authority administration building conflicted with New T1 and needed to be demolished to allow for the opening and operation of New T1; and

**WHEREAS**, staff investigated various options and locations for Authority staff offices and recommended the construction of a new administration building located at the far west end of San Diego International Airport ("SDIA"); and

**WHEREAS**, the New Administration Building was included within the draft ADP Environmental Impact Report ("EIR") issued in 2019 and in the Final EIR certified by the Authority Board ("Board") in January 2020 as part of Resolution No. 2020-0001R; and

**WHEREAS**, in addition, the budget for this project was incorporated into the Authority's Capital Program as part of Resolution No. 2020-003, also approved in January 2020; and

**WHEREAS**, staff and consultants have developed a set of conceptual design documents ("Bridging Documents") that describe the Authority's minimum performance and program requirements for a project and consist of drawings and specifications that are at an early level of completion and design standards and criteria; and

**WHEREAS**, the New Administration Building will be a new four-story, approximately 130,000 square foot office building that includes the Authority's administrative offices; Authority Board Room; Airport Operations Center ("AOC"); Security Operations Center ("SOC"); and Emergency Operations Center ("EOC") and will allow for the consolidation of most Authority staff into a single building; and

**WHEREAS**, the New Administration Building Project will be implemented using a design-build delivery method utilizing a single contractor to both design and construct the building; and

**WHEREAS**, this method emphasizes exceptional performance, team alignment, transparency, and collaboration to achieve results that meet or exceed the Authority's expectations including those of cost, schedule, functionality, efficiency, aesthetics, customer experience, sustainability, and positive environmental and community impacts; and

**WHEREAS**, a Maximum Contract Price ("MCP"), a Proposed Project Schedule ("PPS"), and various implementation plans based upon the Bridging Documents were requested as part of a two-step procurement process; and

**WHEREAS**, Package 3 – New Administration Building is organized into three major phases beginning with the 30% Design Phase, during which the contractor will complete 30% design, execute a project labor agreement, finalize the PPS and convert it into a Master Project schedule ("MPS"), and complete various implementation plans; and

**WHEREAS**, upon successful completion of the 30% Design Phase, the contractor will proceed with the Guaranteed Maximum Price ("GMP") Development Phase, during which the design will progress, and trade packages will be issued and awarded, and a GMP will be established in an amount less than or equal to the MCP; and

**WHEREAS**, following the execution of the GMP Amendment, the GMP Phase will commence and consist of the remainder of design and construction up to substantial completion and final acceptance; and

**WHEREAS**, the recommended contractor for the New Administration Building was selected using a procurement process that began with a Request for Qualifications ("RFQ") to shortlist qualified design-build teams and was followed with a Request for Proposals ("RFP") to determine the most qualified design-build team; and

**WHEREAS**, the RFQ for Package 3 – New Administration Building was issued on April 27, 2020; and

**WHEREAS**, on June 2, 2020, the Authority received SOQs from nine respondents; and

**WHEREAS**, an RFQ Evaluation Panel, comprised of the Authority's Vice President of Operations, Director of Information and Technology Services, Director of Aviation Security and Public Safety, Director of Customer Experience & Innovation, and one senior staff member each from the Planning & Environmental Affairs, Airport Design and Construction, and Talent, Culture & Capability departments conducted a thorough review of the SOQs; and

**WHEREAS**, a technical advisory group comprised of Authority staff and consultants also reviewed the SOQs and provided their observations to the RFQ Evaluation Panel; and

**WHEREAS**, the RFQ Evaluation Panel conducted a thorough review of the SOQs; and

**WHEREAS**, on June 25, 2020, the RFQ Evaluation Panel met to rank and score the respondents; and

**WHEREAS**, the RFQ Evaluation Panel ranked and scored the SOQs and determined that three respondents, Hensel Phelps Construction ("Hensel Phelps"), Sundt Construction ("Sundt"), and Swinerton Builders ("Swinerton") were qualified and shortlisted them for the RFP phase; and

**WHEREAS**, on November 20, 2020, the Authority issued the RFP to the three shortlisted respondents; and

**WHEREAS**, the RFP process included an interactive meeting with each of the respondents, a contract meeting with each of the respondents, the submittal of a proposal, and an interview with each of the respondents; and

**WHEREAS**, the proposals included a detailed technical proposal that included a PPS, draft project implementation plans, a review of changes to proposed Key Personnel between the RFQ and RFP, and an inclusionary outreach plan; and

**WHEREAS**, the proposals also included a Price Proposal Form for various components of the MCP and an optional attachment for any contract exceptions; and

**WHEREAS**, on March 19, 2021, the Authority received proposals from all three shortlisted respondents; and

**WHEREAS**, an RFP Evaluation Panel comprised of the Authority's Vice President of Operations, Director of Information and Technology Services, Director of Aviation Security and Public Safety, Director of Customer Experience & Innovation, Director of Finance and Risk Management, and one senior staff member each from the Planning & Environmental Affairs, Airport Design and Construction, and Talent, Culture & Capability departments conducted a thorough review of the proposals; and

**WHEREAS**, a technical advisory group comprised of Authority staff and consultants also reviewed the proposals and provided their observations to the RFP Evaluation Panel; and

**WHEREAS**, the RFP Evaluation Panel conducted a thorough review of the three proposals; and

**WHEREAS**, on May 4, 2021, the RFP Evaluation Panel interviewed all three respondents; and

**WHEREAS**, following the interviews, Authority staff provided responses to the assumptions and clarifications that all three respondents had included with their price proposals and provided the respondents an opportunity to update their price proposals; and

**WHEREAS**, the RFP Evaluation Panel determined that Sundt was the highest ranked and scoring respondent and the respondent best qualified to design and construct the New Administration Building; and

**WHEREAS**, the contract requires project design and construction to be substantially complete within 780 calendar days from the issuance of a notice to proceed and for the contractor to achieve final completion within 930 calendar days after the issuance of a notice to proceed; and

**WHEREAS**, the existing Program Management Complex ("PMC") trailers are located on the site of the New Administration Building and will need to be removed to construct the new building; and

**WHEREAS**, the Board finds that the PMC is surplus to the needs of the Authority and are no longer needed; and

**WHEREAS**, existing PMC trailers are considered Authority-owned equipment and are surplus to the needs of the Authority and are thus subject to Board Authority Policy 8.21 Surplus Materials and Equipment; and

**WHEREAS**, the most expeditious and cost-effective way to dispose of the existing trailers is to have them removed as part of the project; and

**WHEREAS**, the removal of the existing trailers will be competitively procure by Sundt as part of their project scope and any residual value remaining after the removal will be credited against the MCP.



**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves and authorizes the President/CEO to negotiate and execute (1) a Contract with Sundt Construction, Inc., establishing a Maximum Contract Price of \$91,379,967 and a contract duration of 930 calendar days for the design and construction of Airport Development Program Package 3, New Administration Building; and (2) a future Guaranteed Maximum Price Amendment within the Maximum Contract Price after execution of the Contract; and

**BE IT FURTHER RESOLVED** that the Board authorizes the (3) removal of the existing Program Management Complex trailers on the site of the New Administration Building as part of the New Administration Building project; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is a development for which the California Coastal Commission issued a Coastal Development Permit (6-20-0154) on August 13, 2020; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA’s NEPA environmental review process (an Environmental Assessment) will be completed prior to the commencement of any related site preparation or construction activities.

**Resolution No. 2021-0082**

Page 7 of 7

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1<sup>st</sup> day of July, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

# Airport Development Program Package 3

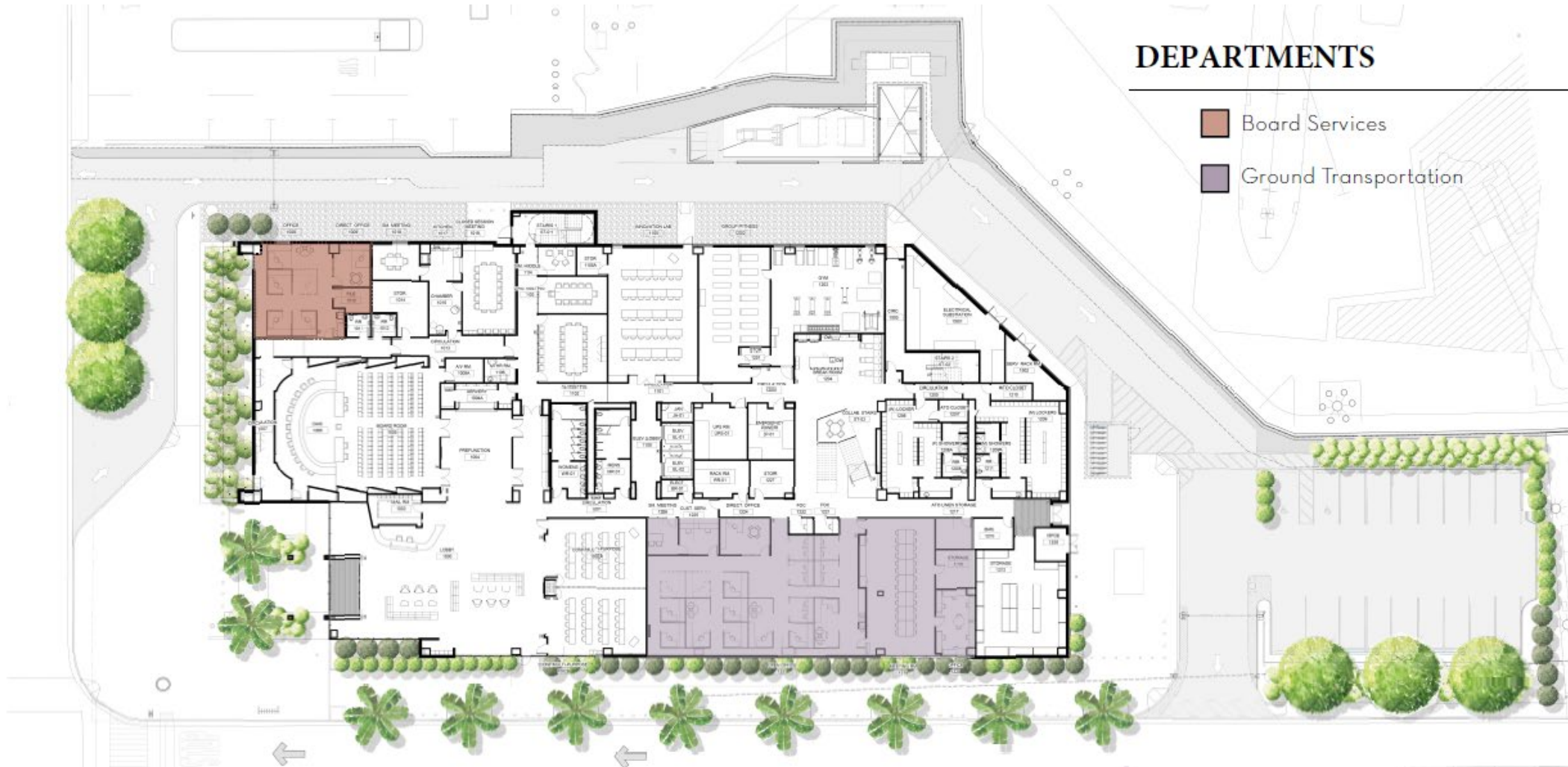
New Administration Building

Presented by Dennis Probst, Vice President Development

July 1, 2021



# Site Plan





# View from McCain Road



# Action Requested

## Approve Recommendation:

- Approving and authorizing the President/CEO to negotiate and execute (1) a Contract with Sundt Construction, Inc., establishing a Maximum Contract Price of \$91,379,967 and a contract duration of 930 calendar days for the design and construction of Airport Development Program Package 3, New Administration Building; (2) a future Guaranteed Maximum Price amendment within the Maximum Contract Price after execution of the Contract; and (3) removal of the existing program management complex trailers.



# Questions?

## Board Communication

Date: June 21, 2021  
To: Board Members  
From: Tony R. Russell, Director, Board Services/ Authority Clerk  
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

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Authority Policy 3.30 (3)(b) and (4) require that travel and business expense reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved or pre-approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

On August 24, 2020, the Executive Committee pre-approved set dollar amounts for routine, in-town business expenses to be used during Fiscal Year 2021 for the President/CEO, General Counsel and Chief Auditor as authorized in Policy 3.30(3)(b)(i)(C).

The attached reports are being presented to comply with the requirements of Policy 3.30.



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

**GENERAL INSTRUCTIONS:**

- A. All out-of-town travel requests must conform to applicable provisions of Policy 3.30.
- B. Once traveler completes form, submit to the traveler's Administrator for approval (for Board Members, President/CEO, General Counsel and Chief Auditor, Administrator is Board Executive Committee).

**TRAVELER INFORMATION:**

Traveler Name: Kimberly J. Becker Department: Executive, BU6  
Position: ☐ Board Member ☒ President/CEO ☐ General Counsel ☐ Chief Auditor  
☐ All Other Authority Employees

DATE OF REQUEST: 06/02/21 DATE OF DEPARTURE/RETURN: 09/24/2021 / 09/28/2021

**DESTINATION / BUSINESS PURPOSE:**

Destination: Savannah, GA

Business Purpose: AAAE – Russell Hoyt National Airports Conference & AAAE Policy Council Meeting

**PROJECTED OUT-OF-TOWN TRAVEL EXPENSES:**

A. Transportation Costs:

• Airfare <input checked="" type="checkbox"/> <i>check box for business class or equivalent (international only)</i>	\$ <b>500.00</b>
• Rental Car	\$
• Other Transportation (Taxi, TNC, Train, Bus)	\$ <b>200.00</b>
• Auto (Gas, Parking/Tolls, Mileage)	\$

B. Lodging

\$ **\$1,200.00**

C. Meals and Incidental Expenses (*Per Diem*)

\$ **244.00**

D. Seminar and Conference Fees

\$ **640.00**

E. Entertainment

\$

TOTAL PROJECTED TRAVEL EXPENSES

\$ **2,784.00**

**CERTIFICATION BY TRAVELER**

By my signature below, I certify the following:

- 1. The above-listed projected out-of-town travel expenses conform to Policy 3.30, are reasonable and directly related to Authority business; and
- 2. I have attended training regarding my responsibilities pursuant to Policy 3.30 within the past two years.

Travelers Signature:  kbecker@san.org Date: Jun 2, 2021

**CERTIFICATION BY ADMINISTRATOR** (If Administrator is Executive Committee, Clerk certifies below.)

By my signature below, I certify the following:

- 1. I have reviewed this out-of-town travel request and made inquiries to determine that the out-of-town travel and identified expenses are directly related to and necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefits to the Authority; and
- 2. I have attended training regarding my responsibilities pursuant to Policy 3.30 within the past two years.

Administrator's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE**

I, \_\_\_\_\_, certify that this document was approved  
(Name of Clerk)  
by the Executive Committee at its \_\_\_\_\_ meeting.  
(Meeting Date)



2021 F. Russell Hoyt National Airports Conference

September 26-28, 2021 | Savannah, Georgia

## REGISTRATION IS NOW OPEN

Registration for the **F. Russell Hoyt National Airports Conference (NAC)**, to be held September 26-28, 2021, in Savannah, Georgia, is now open. The NAC offers incomparable opportunities to engage in meaningful discussions with colleagues on priorities within our industry, and strengthen partnerships to advance operations within our airports.

AAAE and the NAC Planning Committee have put together an impressive program that revisits conversations happening before the pandemic to ensure we can move ahead. Topics include PFAS, unmanned aircraft systems (UAS), alternate and resilient energy sources, airport insurance and liability, the future of concessions, how to create healthy terminals, and more.

[Register Today](#)

## RESERVE YOUR HOTEL ROOM

Once you have registered, be sure to book your housing in our official hotel block at the **Westin Savannah Harbor Golf Resort & Spa**. We have secured a special rate for NAC attendees, and we expect the hotel to sell out, so don't wait to make your reservations.

## ABOUT THE HOST CITY

Known for its rich history, stunning architecture, and Southern hospitality, it is no wonder Savannah has been nicknamed the Hostess City. Visit one of Savannah's world-famous museums, take a tour at Bonaventure Cemetery, and sit back to enjoy a meal served right from the coast. Savannah truly offers something special for every visitor.

We look forward to welcoming you to Savannah in September.

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## FEES

	On/Before August 13	After August 13
AAAE/IAAE Member	\$640	\$760
Non-Member	\$815	\$900
Federal Government Employee	\$450	\$450

## ACCREDITED AIRPORT EXECUTIVES

The NAC is worth 12 credits in the Continuing Airport Management Education Unit (CEU) program.

## CANCELLATION POLICY

Registrations, cancellations and refund requests must be submitted in writing. All cancellation requests for registrations received on or before Friday, September 10, 2021, are subject to a \$125 cancellation processing fee; approved refunds will be processed after the meeting takes place. There will be no refunds of any kind after this date. Cancellations with outstanding invoices received within two weeks of the start of the conference, will require



U.S. General Services Administration

## FY 2021 Per Diem Rates for Savannah, Georgia

Meals & Incidentals (M&IE) Breakdown

Primary Destination	County	M&IE Total	Continental Breakfast/Breakfast	Lunch	Dinner	Incidental Expenses	First & LastDay of Travel
Savannah	Chatham	\$61	\$14	\$16	\$26	\$5	\$45.75