Item 15

Schedule A-G

SCHEDULE A

FIFTH SUPPLEMENTAL TRUST INDENTURE

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

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

Relating to

$[PARA]
San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2023A
(Governmental/Non-AMT)

$[PARB]
San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2023B
(Private Activity/AMT)

Dated as of [October] 1, 2023

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MISCELLANEOUS

FIFTH SUPPLEMENTAL TRUST INDENTURE

THIS FIFTH SUPPLEMENTAL TRUST INDENTURE (this "***Fifth Supplemental Indenture***"), dated as of [October] 1, 2023, is made by and between the **SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY,** a local government entity of regional government created pursuant to laws of the State of California (the "***Authority***"), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.** (formerly known as The Bank of New York Trust Company, N.A.), a national banking association organized and existing under the laws of the United States of America, as trustee (the "***Trustee***"), and supplements the Master Trust Indenture, dated as of November 1, 2005, as amended (the "***Master Indenture***"), by and between the Authority and the Trustee.

WHEREAS, the Master Indenture provides, in <u>Section 2.09</u> thereof, for the issuance of Bonds and, in <u>Section 10.02</u> thereof, for the execution and delivery of Supplemental Indentures setting forth the terms of such Bonds; and

WHEREAS, the Authority now, for the purpose of providing money to finance and refinance certain capital improvements to the Airport System, by execution and delivery of this Fifth Supplemental Indenture and in compliance with the provisions of the Master Indenture (a) sets forth the terms of its (i) $[PARA] San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the "***Series 2023A Bonds***"), and (ii) $[PARB] San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the "***Series 2023B*** Bonds," and together with the Series 2023A Bonds, the "***Series 2023 Bonds***"), (b) provides for the deposit and use of the proceeds of the Series 2023 Bonds, and (c) makes other provisions relating to the Series 2023 Bonds; and

WHEREAS, the Series 2023 Bonds are being issued as Bond as provided for in <u>Section 2.09</u> of the Master Indenture.

GRANTING CLAUSE

In order to secure the payment of the Series 2023 Bonds, the Authority hereby pledges, assigns and grants to the Trustee with respect to the Series 2023 Bonds all of the liens, rights, interests and privileges set forth in the Granting Clause of, and elsewhere in, the Master Indenture. To secure further the payment of the Series 2023 Bonds, the Authority in furtherance of the Master Indenture hereby pledges and grants to the Trustee a lien on and security interest in and assigns to the Trustee all right, title and interest of the Authority, except as otherwise provided herein, in and to the Reserve Fund (as hereinafter defined) and all moneys and securities held from time to time therein and, with respect to any Reserve Fund Insurance Policy (as hereinafter defined) provided at any time in satisfaction of all or a portion of the Reserve Fund Requirement (as hereinafter defined), all rights, title and interest in such instruments and the proceeds thereof.

ARTICLE I

DEFINITIONS; INTERPRETATIONS

Section 1.01. Definitions. The following definitions shall apply to terms used in this Fifth Supplemental Indenture unless the context clearly requires otherwise. Capitalized terms not otherwise defined in this Section 1.01 or elsewhere in this Fifth Supplemental Indenture shall have the same meanings as set forth in the Master Indenture.

"*Authorized Denominations*" means $5,000 principal amount and integral multiples thereof.

"*Beneficial Owner*" means, whenever used with respect to a Series 2023 Bond, the person in whose name such Series 2023 Bond is recorded as the beneficial owner of such Series 2023 Bond by a Participant on the records of such Participant or such person's subrogee.

"*Bondholder*" shall mean the person in whose name any Series 2023 Bond or Series 2023 Bonds are registered on the books maintained by the Registrar, including DTC or its nominees, as the sole registered owner of Book-Entry Bonds.

"*Book-Entry Bonds*" means the Series 2023 Bonds held by DTC (or its nominee) as the Bondholder thereof pursuant to the terms and provisions of Section 2.05 hereof.

"*Cede & Co.*" means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2023 Bonds.

"*Continuing Disclosure Certificate*" means the certificate of the Authority, dated the date of issuance of the Series 2023 Bonds, pursuant to which the Authority shall agree to undertake for the benefit of the Bondholders and the Beneficial Owners of the Series 2023 Bonds certain ongoing disclosure requirements.

"*Costs of Issuance*" means all costs and expenses incurred by the Authority in connection with the issuance of the Series 2023 Bonds, including, but not limited to, costs and expenses of printing and copying documents, the preliminary and final official statements and the Series 2023 Bonds, underwriters' compensation, and the fees, costs and expenses of rating agencies, the Trustee, counsel, accountants, financial advisors, feasibility consultants and other consultants.

"*DTC*" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"*Eighth Supplemental Subordinate Indenture*" means the Eighth Supplemental Subordinate Trust Indenture, dated as of July 1, 2021, by and between the Authority and the Subordinate Trustee, under which the Refunded Subordinate AMT Revolving Obligations and the Refunded Subordinate Non-AMT Revolving Obligations are authorized and secured.

"*Fifth Supplemental Indenture*" means this Fifth Supplemental Trust Indenture, dated as of [October] 1, 2023, by and between the Authority and the Trustee and which, among other things, sets forth the terms of the Series 2023 Bonds.

"*Interest Payment Date*" means each January 1 and July 1, commencing [January/July] 1, 2024, the dates upon which interest on the Series 2023 Bonds becomes due and payable.

"*Master Indenture*" means the Master Trust Indenture, dated as of November 1, 2005, as amended from time to time, between the Authority and the Trustee under which the Series 2023 Bonds are authorized and secured.

"*Master Subordinate Indenture*" means the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended from time to time, by and between the Authority and the Subordinate Trustee under which the Subordinate Series 2021C Bonds are authorized and secured.

"*Ninth Supplemental Subordinate Indenture*" means the Ninth Supplemental Subordinate Trust Indenture, dated as of December 1, 2021, by and between the Authority and the Subordinate Trustee, under which the Subordinate Series 2021C Bonds are authorized and secured.

"*Participants*" means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

"*Paying Agent*," for purposes of this Fifth Supplemental Indenture, means the Trustee, or any other institution appointed by the Authority.

"*Purchase Subordinate Series 2021C Bonds*" means the Subordinate Series 2021C Bonds being purchased with a portion of the proceeds of the Series 2023[A/B] Bonds, as set forth in Exhibit E attached hereto.

"*Record Date*" means for a January 1 Interest Payment Date the preceding December 15 and for a July 1 Interest Payment Date the preceding June 15.

"*Refunded Subordinate AMT Revolving Obligations*" means $40,100,000 aggregate principal amount of the Authority's Subordinate Airport Revenue AMT Revolving Obligations issued and outstanding pursuant to the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture.

"*Refunded Subordinate Non-AMT Revolving Obligations*" means $40,000,000 aggregate principal amount of the Authority's Subordinate Airport Revenue Non-AMT Revolving Obligations issued and outstanding pursuant to the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture.

"*Registrar*" for purposes of this Fifth Supplemental Indenture, means the Trustee.

"*Representation Letter*" means the Blanket Issuer Letter of Representations dated October 20, 2005 from the Authority to DTC.

"*Reserve Fund*" means the Debt Service Reserve Fund of such designation established pursuant to the Master Indenture and Section 4.01 hereof.

"*Reserve Fund Insurance Policy*" means an insurance policy, a letter of credit, surety bond or other financial instrument deposited in the Reserve Fund in lieu of or in partial substitution for cash or securities which is provided by an institution rated, at the time of issuance of such policy, letter of credit, surety bond or other financial instrument, in one of the two highest long term Rating Categories by one or more of the Rating Agencies.

"*Reserve Requirement*" means an amount equal to the lesser of (a) Maximum Aggregate Annual Debt Service for all Series of Bonds participating in the Reserve Fund, (b) 10% of the principal amount of all Series of Bonds participating in the Reserve Fund, less for any Series of Bonds the amount of original issue discount with respect to such Series of Bonds if such original issue discount exceeded 2% on such Series of Bonds at the time of their original sale, and (c) 125% of the average Aggregate Annual Debt Service for all Series of Bonds participating in the Reserve Fund. When calculating the Reserve Requirement, all references to Fiscal Year shall mean a 12-month period beginning on July 2 of each given year and ending on July 1 of the immediate subsequent year. At the time of issuance of the Series 2023 Bonds, the Reserve Requirement shall be equal to $[•].

"*Series 2023 Bonds*" means, collectively, the Series 2023A Bonds and the Series 2023B Bonds.

"*Series 2023 Costs of Issuance Fund*" means the Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of Issuance of the Series 2023 Bonds.

"*Series 2023 Rebate Fund*" means the Fund of such designation established pursuant to Section 4.01 hereof.

"*Series 2023 Reserve Account*" means the Account of such designation established in the Reserve Fund pursuant to Section 4.01 hereof.

"*Series 2023 Term Bonds*" means, collectively, the Series 2023A Term Bonds and the Series 2023B Term Bonds.

"*Series 2023A Bonds*" means $[PARA] aggregate principal amount of Bonds issued under the Master Indenture and this Fifth Supplemental Indenture and designated as "San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023A (Governmental/Non-AMT)."

"*Series 2023A Construction Fund*" means the Construction Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of the Series 2023A Projects.

"*Series 2023A Costs of Issuance Account*" means the Account of such designation established in the Series 2023 Costs of Issuance Fund pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of Issuance of the Series 2023A Bonds.

"*Series 2023A Debt Service Fund*" means the Debt Service Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay debt service on the Series 2023A Bonds.

"*Series 2023A Projects*" means, collectively, any or all of those capital expenditures listed in Exhibit C-1 attached hereto which are to be financed or refinanced from amounts deposited into the Series 2023A Construction Fund.

"*Series 2023A Term Bonds*" means, collectively, the Series 2023A Bonds maturing on July 1, 20[•] and July 1, 20[•].

"*Series 2023B Bonds*" means $[PARB] aggregate principal amount of Bonds issued under the Master Indenture and this Fifth Supplemental Indenture and designated as "San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023B (Private Activity/AMT)."

"*Series 2023B Construction Fund*" means the Construction Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of the Series 2023B Projects.

"*Series 2023B Costs of Issuance Account*" means the Account of such designation established in the Series 2023 Costs of Issuance Fund pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of Issuance of the Series 2023B Bonds.

"*Series 2023B Debt Service Fund*" means the Debt Service Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay debt service on the Series 2023B Bonds.

"*Series 2023B Projects*" means, collectively, any or all of those capital expenditures listed in Exhibit C-2 attached hereto which are to be financed or refinanced from amounts deposited into the Series 2023B Construction Fund.

"*Series 2023B Term Bonds*" means, collectively, the Series 2023B Bonds maturing on July 1, 20[•] and July 1, 20[•].

"*Subordinate Series 2021C Bonds*" means the Subordinate Obligations issued under the Master Subordinate Indenture and the Ninth Supplemental Subordinate Indenture and designated as "San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2021C (Federally Taxable)."

"*Subordinate Trustee*" means U.S. Bank Trust Company, National Association, successor to U.S. Bank National Association, and any successors or assigns thereto

"*Tax Certificate*" means the Tax Compliance Certificate, dated the date of issuance of the Series 2023 Bonds, as amended from time to time, entered into by the Authority and executed with respect to the Series 2023 Bonds.

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

ARTICLE II

THE SERIES 2023 BONDS

Section 2.01. Designation of the Series 2023 Bonds; Principal Amount. The Bonds authorized to be issued under the Master Indenture and this Fifth Supplemental Indenture shall be designated as (a) "San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023A (Governmental/Non-AMT)", which shall be issued in the original principal amount of $[PARA], and (b) "San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023B (Private Activity/AMT)," which shall be issued in the original principal amount of $[PARB].

Section 2.02. Series 2023 Bonds Issued Under the Master Indenture; Security; Parity. The Series 2023 Bonds are issued as Bonds under and subject to the terms of the Master Indenture and are secured by and payable from the Net Revenues and other security provided in the Granting Clauses of the Master Indenture and this Fifth Supplemental Indenture and in accordance with the terms of the Master Indenture and this Fifth Supplemental Indenture.

To further secure the payment of the Series 2023 Bonds, the Authority in furtherance of the Master Indenture hereby pledges and grants to the Trustee a lien on and security interest in and assigns to the Trustee all right, title and interest of the Authority, except as otherwise provided herein, in and to the Reserve Fund and all moneys and securities held from time to time therein and, with respect to any Reserve Fund Insurance Policy provided at any time in satisfaction of all or a portion of the Reserve Fund Requirement, all rights, title and interest in such instruments and the proceeds thereof.

Section 2.03. General Terms of the Series 2023 Bonds. The Series 2023 Bonds shall, upon initial issuance, be dated October [•], 2023. Each Series 2023 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2023 Bond shall bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2023 Bond shall bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before [December 15, 2023/June 15, 2024] in which, event such Series 2023 Bond shall bear interest from October [•], 2023. If interest on the Series 2023 Bonds shall be in default, Series 2023 Bonds issued in exchange for Series 2023 Bonds surrendered for transfer or exchange shall bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2023 Bonds surrendered. The Series 2023 Bonds shall be issued in denominations of $5,000 original principal amount or integral multiples thereof.

Interest on the Series 2023 Bonds shall be paid on [January/July] 1, 2024 and semiannually thereafter on January 1 and July 1.

Interest on the Series 2023 Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months.

The Series 2023A Bonds shall be issued in the original principal amount of $[PARA] and shall mature on the dates and in the principal amounts and bear interest at the interest rates as set forth in the following schedule:

Maturity Date (July 1)	**Principal Amount**	**Interest Rate**

The Series 2023B Bonds shall be issued in the original principal amount of $[PARB] and shall mature on the dates and in the principal amounts and bear interest at the interest rates as set forth in the following schedule:

Maturity Date (July 1)	Principal Amount	Interest Rate

Payment of the principal of the Series 2023 Bonds shall be made upon surrender of the Series 2023 Bonds to the Trustee or its agent; provided that with respect to the Series 2023 Bonds which are Book-Entry Bonds, the payment of the principal shall be made as provided in Section 2.05 hereof and the Representation Letter. Payment of interest on Series 2023 Bonds which are not Book-Entry Bonds shall be paid by check or draft of the Trustee mailed on the applicable Interest Payment Date by first-class mail to the person who is the Bondholder thereof on the Record Date, and such payment shall be mailed to such Bondholder at his address as it appears on the registration books of the Registrar. The payment of interest on Book-Entry Bonds shall be made as provided in Section 2.05 hereof and the Representation Letter. With respect to all Series 2023 Bonds, interest due and payable on any Interest Payment Date shall be paid to the person who is the Bondholder as of the Record Date. The Series 2023 Bonds shall be substantially in the form of Exhibit A attached hereto.

If the principal of a Series 2023 Bond becomes due and payable, but shall not have been paid as a result of a default hereunder, and no provision is made for its payment, then such Series 2023 Bond shall bear interest at the same rate after such default as on the day before the default occurred.

Principal and interest will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money.

Section 2.04. Exchange of Series 2023 Bonds. Series 2023 Bonds which are delivered to the Registrar for exchange may be exchanged for an equal total principal amount of Series 2023 Bonds of the same Series, maturity date and interest rate. The cost of printing Series 2023 Bonds and any services rendered or expenses incurred by the Trustee or the Registrar in connection with any transfer or exchange shall be paid by the Authority. The Trustee or the Registrar may require the payment by the Bondholders requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer.

The Registrar will not, however, be required to transfer or exchange any such Series 2023 Bond during the period established by the Registrar for selection of Series 2023 Bonds for redemption or any Series 2023 Bond which has been selected for redemption.

Section 2.05. Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section, the Bondholder of all of the Series 2023 Bonds shall be DTC and the Series 2023 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal and redemption price of and interest on any Series 2023 Bond registered in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. at the address indicated on the Record Date or special record date for Cede & Co. in the registration books of the Registrar.

(b) The Series 2023 Bonds shall be initially issued in the form of separate single authenticated fully registered bonds for each separate stated maturity and interest rate for each Series of the Series 2023 Bonds. Upon initial issuance, the ownership of such Series 2023 Bonds shall be registered in the registration books of the Registrar in the name of Cede & Co., as nominee of DTC. The Trustee, the Registrar and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2023 Bonds registered in its name for the purposes of paying the principal and redemption price of and interest on the Series 2023 Bonds, selecting the Series 2023 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Master Indenture or this Fifth Supplemental Indenture, registering the transfer of Series 2023 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the Authority shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a Beneficial Ownership interest in the Series 2023 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal and redemption price of or interest on the Series 2023 Bonds; any notice which is permitted or required to be given to Bondholders under the Master Indenture and this Fifth Supplemental Indenture; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2023 Bonds; any consent given or other action taken by DTC as Bondholder; or any other purpose. The Trustee shall pay all principal and redemption price of and interest on the Series 2023 Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State of California), and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal and redemption price of and interest on the Series 2023 Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2023 Bond evidencing the obligation of the Authority to make payments of principal, redemption price and interest pursuant to the Master Indenture and this Fifth Supplemental Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Fifth Supplemental Indenture shall refer to such new nominee of DTC.

(c) In the event the Authority determines that it is in the best interest of the Beneficial Owners that they be able to obtain Series 2023 Bond certificates, and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify the Participants of the availability through DTC of Series 2023 Bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange Series 2023 Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2023 Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Authority and the Trustee shall be obligated to deliver Series 2023 Bond certificates as described in this Fifth Supplemental Indenture. In the event Series 2023 Bond certificates are issued, the provisions of the Master Indenture and this Fifth Supplemental Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal and redemption price of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2023 Bonds to any Participant having Series 2023 Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2023 Bonds.

(d) Notwithstanding any other provision of the Master Indenture and this Fifth Supplemental Indenture to the contrary, so long as any Series 2023 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and redemption price of and interest on such Series 2023 Bond and all notices with respect to such Series 2023 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Master Indenture and this Fifth Supplemental Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO: THE PAYMENT BY DTC TO ANY PARTICIPANT OF THE PRINCIPAL AND REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2023 BONDS; THE PROVIDING OF NOTICE TO PARTICIPANTS OR BENEFICIAL OWNERS; THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, OR ANY PARTICIPANT; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER OF THE SERIES 2023 BONDS.

ARTICLE III

REDEMPTION OF SERIES 2023 BONDS

Section 3.01. Notices to Bondholders. If the Authority wishes that any Series 2023 Bonds be redeemed pursuant to Section 3.03 hereof, the Authority will notify the Trustee of the redemption date, the applicable Series, the maturity date, the interest rate, the CUSIP number and the principal amount of the Series 2023 Bonds to be redeemed and other necessary particulars. The Authority will give notice to the Trustee at least thirty-five (35) days before the redemption date, provided that the Trustee may, at its option, waive such notice or accept notice at a later date. The Trustee shall give notice of redemption, in the name of the Authority, to Bondholders affected by redemption at least thirty (30) days but not more than sixty (60) days before each redemption date, send such notice of redemption by first class mail (or with respect to Series 2023 Bonds held by DTC by an express delivery service for delivery on the next following Business Day or otherwise as permitted or required by DTC's procedures) to each Bondholder of a Series 2023 Bond to be redeemed. Each such notice shall be sent to the Bondholder's registered address.

Each notice of redemption shall specify the Series, the issue date, the maturity date, the interest rate and the CUSIP number of each Series 2023 Bond to be redeemed, if less than all Series 2023 Bonds of a Series, maturity date and interest rate are called for redemption the numbers assigned to the Series 2023 Bonds to be redeemed, the principal amount to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, the Trustee's name, that payment will be made upon presentation and surrender of the Series 2023 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

The Authority may provide that, if at the time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2023 Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business one (1) Business Day prior to the scheduled redemption date, and such notice shall be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption shall be canceled and on such cancellation date notice shall be mailed to the Bondholders of such Series 2023 Bonds to be redeemed in the manner provided in this Section.

Failure to give any required notice of redemption as to any particular Series 2023 Bond will not affect the validity of the call for redemption of any Series 2023 Bonds in respect of which no failure occurs. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2023 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. Provided funds are deposited with the Trustee sufficient for redemption, interest on the Series 2023 Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

If any Series 2023 Bonds, at the time of redemption, are Book-Entry Bonds, then, at the time of the mailing required by the first paragraph of this Section, such redemption notice shall be given by (i) registered or certified mail, postage prepaid; (ii) telephonically confirmed facsimile transmission; or (iii) overnight delivery service, to:

The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099
Attention: Call Notification
Facsimile: (212) 855-7232

Failure to give the notice described in the immediately preceding paragraph or any defect therein shall not in any manner affect the redemption of any Series 2023 Bond.

Section 3.02. Redemption Dates. The date fixed for redemption of Series 2023 Bonds to be redeemed pursuant to any optional redemption provision as set forth in Sections 3.03 hereof shall be a date permitted by the Authority in the notice delivered pursuant to Section 3.01 hereof. The dates fixed for mandatory sinking fund redemption of the Series 2023 Term Bonds will be as set forth in Sections 3.04 hereof.

Section 3.03. Optional Redemption of the Series 2023 Bonds.

(a) The Series 2023A Bonds maturing on or before July 1, 20[•] are not subject to optional redemption prior to maturity. The Series 2023A Bonds maturing on or after July 1, 20[•] are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after [•] 1, 20[•] at a redemption price equal to 100% of the principal amount of the Series 2023A Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

(b) The Series 2023B Bonds maturing on or before July 1, 20[•] are not subject to optional redemption prior to maturity. The Series 2023B Bonds maturing on or after July 1, 20[•] are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after [•] 1, 20[•] at a redemption price equal to 100% of the principal amount of the Series 2023B Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

Section 3.04. Mandatory Sinking Fund Redemption of the Series 2023 Term Bonds.

(a) The Series 2023A Bonds maturing on July 1, 20[•] are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

*Final Maturity Date

(b) The Series 2023A Bonds maturing on July 1, 20[•] are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

*Final Maturity Date

(c) The Series 2023B Bonds maturing on July 1, 20[•] are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

*Final Maturity Date

(d) The Series 2023B Bonds maturing on July 1, 20[•] are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

*Final Maturity Date

(e) Except as otherwise provided in Section 2.05 hereof, on or before the forty-fifth (45th) day prior to any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption (by lot in such manner as the Trustee may determine), from the applicable Series 2023 Term Bonds an aggregate principal amount of the applicable Series 2023 Term Bonds equal to the amount for such year as set forth in the applicable table above and shall call the applicable Series 2023 Term Bonds or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

(f) At the option of the Authority, to be exercised by delivery of a written certificate to the Trustee on or before the sixtieth (60th) day next preceding any mandatory sinking fund redemption date for the Series 2023 Term Bonds, as applicable, it may (i) deliver to the Trustee for cancellation Series 2023 Term Bonds, as applicable, or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Authority or (ii) specify a principal amount of such Series 2023 Term Bonds, as applicable, or portions thereof (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Trustee at the request of the Authority and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2023 Term Bonds, as applicable, or portion thereof so purchased, acquired or optionally redeemed and delivered to the

Trustee for cancellation shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Authority to pay the principal of such applicable Series 2023 Term Bond on such mandatory sinking fund redemption date. In the event the Authority redeems any of the Series 2023 Term Bonds, as applicable, pursuant to Section 3.03 hereof, the Authority will provide the Trustee revised mandatory sinking fund schedules, if applicable.

Section 3.05. Selection of Series 2023 Bonds for Redemption; Series 2023 Bonds Redeemed in Part. The Series 2023 Bonds are subject to redemption in such order of maturity date and interest rate within each Series (except mandatory sinking fund payments on the Series 2023 Term Bonds) as the Authority may direct and by lot, selected in such manner as the Trustee (or DTC, as long as DTC is the securities depository for the Series 2023 Bonds, as applicable) shall deem appropriate, within a Series, maturity date and interest rate.

Upon surrender of a Series 2023 Bond to be redeemed, in part only, the Trustee will authenticate for the holder a new Series 2023 Bond of the same Series, maturity date and interest rate equal in principal amount to the unredeemed portion of the Series 2023 Bonds surrendered.

Section 3.06. Payment of Series 2023 Bonds Called for Redemption. Upon surrender to the Trustee or the Trustee's agent, Series 2023 Bonds called for redemption shall be paid at the redemption price stated in the notice, plus, when applicable, interest accrued to the date fixed for redemption.

Section 3.07. Effect of Redemption Call. On the date so designated for redemption, notice having been given in the manner and under the conditions provided herein and sufficient moneys for payment of the redemption price being held in trust to pay the redemption price, the Series 2023 Bonds so called for redemption shall become and be due and payable on the redemption date, interest on such Series 2023 Bonds shall cease to accrue from and after such redemption date, such Series 2023 Bonds shall cease to be entitled to any lien, benefit or security under the Master Trust Indenture and this Fifth Supplemental Indenture and the Bondholders of such Series 2023 Bonds shall have no rights in respect thereof except to receive payment of the redemption price.

Series 2023 Bonds which have been duly called for redemption under the provisions of this Article III and for the payment of the redemption price of which moneys shall be held in trust for the Bondholders of the Series 2023 Bonds to be redeemed, all as provided in this Fifth Supplemental Indenture, shall not be deemed to be Outstanding under the provisions of the Master Trust Indenture and this Fifth Supplemental Indenture.

ARTICLE IV

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts. The following funds and accounts are hereby established:

(a) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023A Debt Service Fund (the "***Series 2023A Debt Service Fund***") and therein an Interest Account, a Capitalized Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee;

(b) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023A Construction Fund (the "***Series 2023A Construction Fund***"), to be held by the Trustee;

(c) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023B Debt Service Fund (the "***Series 2023B Debt Service Fund***") and therein an Interest Account, a Capitalized Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee;

(d) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023B Construction Fund (the "***Series 2023B Construction Fund***"), to be held by the Trustee;

(e) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023 Costs of Issuance Fund (the "***Series 2023 Costs of Issuance Fund***") and therein (i) the San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023A Costs of Issuance Account (the "***Series 2023A Costs of Issuance Account***"), and (ii) the San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023B Costs of Issuance Account (the "***Series 2023B Costs of Issuance Account***"), to be held by the Trustee;

(f) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Reserve Fund (the "***Reserve Fund***"), and therein, the San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023 Reserve Account (the "***Series 2023 Reserve Account***") to be held by the Trustee; and

(g) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023 Rebate Fund (the "***Series 2023 Rebate Fund***"), to be held by the Trustee.

Section 4.02. Application of Series 2023A Bond Proceeds. The proceeds of the sale of the Series 2023A Bonds, being the amount of $[•] (which sum represents the par amount of the Series 2023A Bonds of $[PARA].00, plus [a net] original issue premium in the amount of $[•], and less an underwriters' discount in the amount of $[•]) received by the Trustee shall be deposited or paid by the Trustee as follows:

(a) $[•], representing Capitalized Interest, shall be deposited in the Capitalized Interest Account of the Series 2023A Debt Service Fund to be used to pay interest due and payable on the Series 2023A Bonds on the dates and in the amounts set forth in Section 4.05(b) hereof;

(b) $[•] shall be deposited into the Series 2023 Reserve Account of the Reserve Fund;

(c) $[•] shall be deposited into the Series 2023A Costs of Issuance Account of the Series 2023 Costs of Issuance Fund;

(d) $[•] shall be deposited into the Series 2023A Construction Fund to be used to pay the Costs of the Series 2023A Projects;

(e) $[•] shall be transferred to the Subordinate Trustee (pursuant to wiring instructions provided by the Authority to the Trustee at the time of issuance of the Series 2023 Bonds) and to be used to pay the principal of [and accrued interest] on the Refunded Subordinate Non-AMT Revolving Obligations; and

(f) [$[•] shall be transferred to the Subordinate Trustee (pursuant to wiring instructions provided by the Authority to the Trustee at the time of issuance of the Series 2023 Bonds) and to be used to pay the purchase price of and accrued interest on [a portion of] the Purchased Subordinate Series 2021C Bonds.]

Section 4.03. Application of Series 2023B Bond Proceeds. The proceeds of the sale of the Series 2023B Bonds, being the amount of $[•] (which sum represents the par amount of the Series 2023B Bonds of $[PARB].00, plus [a net] original issue premium in the amount of $[•], and less an underwriters' discount in the amount of $[•]) received by the Trustee shall be deposited or paid by the Trustee as follows:

(a) $[•], representing Capitalized Interest, shall be deposited in the Capitalized Interest Account of the Series 2023B Debt Service Fund to be used to pay interest due and payable on the Series 2023B Bonds on the dates and in the amounts set forth in Section 4.07(b) hereof;

(b) $[•] shall be deposited into the Series 2023 Reserve Account of the Reserve Fund;

(c) $[•] shall be deposited into the Series 2023B Costs of Issuance Account of the Series 2023 Costs of Issuance Fund;

(d) $[•] shall be deposited into the Series 2023B Construction Fund to be used to pay the Costs of the Series 2023B Projects;

(e) $[•] shall be transferred to the Subordinate Trustee (pursuant to wiring instructions provided by the Authority to the Trustee at the time of issuance of the Series 2023 Bonds) and to be used to pay the principal of [and accrued interest] on the Refunded Subordinate AMT Revolving Obligations; and

(f) [$[•] shall be transferred to the Subordinate Trustee (pursuant to wiring instructions provided by the Authority to the Trustee at the time of issuance of the Series 2023 Bonds) and to be used to pay the purchase price of and accrued interest on [a portion of] the Purchased Subordinate Series 2021C Bonds.]

Section 4.04. Series 2023A Construction Fund.

(a) There shall be deposited into the Series 2023A Construction Fund the amounts as provided in Section 4.02(d) hereof and any amounts transferred from the Capitalized Interest Account of the Series 2023A Debt Service Fund representing Capitalized Interest and earnings thereon as described in Section 4.05(b) hereof.

(b) The Trustee shall make payments or disbursements from the Series 2023A Construction Fund upon receipt from the Authority of a written requisition, in substantially the form attached as Exhibit D-1 hereto, executed by an Authorized Authority Representative, which requisition shall state, with respect to each amount requested thereby, (i) that such amount is to be paid from the Series 2023A Construction Fund and is not to be used to pay Costs of Issuance, (ii) the number of the requisition, (iii) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made, (iv) that the amount to be paid represents a Cost of the Series 2023A Projects as described in Exhibit C-1 hereto, and (v) that the amounts requisitioned will be expended only in accordance with and subject to the limitations set forth in the Tax Certificate. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(c) Moneys held in the Series 2023A Construction Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments. Earnings on the Series 2023A Construction Fund shall be retained in the Series 2023A Construction Fund.

(d) The completion of the Series 2023A Projects shall be evidenced by the filing with the Trustee of a certificate of an Authorized Authority Representative stating either (i) the date of completion of the Series 2023A Projects and the amount, if any, required in the opinion of such Authorized Authority Representative for the payment of any remaining part of the Costs of the Series 2023A Projects or (ii) that all amounts in the Series 2023A Construction Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the Series 2023A Construction Fund following the delivery of such certificate, or upon the determination of the Authority not to proceed with the Series 2023A Projects, may, at the determination of the Authority, be applied upon written requisition of an Authorized Authority Representative to any other lawful purpose designated in such requisition. As a condition to the disbursement of funds for a purpose other than the financing of the Series 2023A Projects, there shall be delivered to the Trustee with the requisition an opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used and that such use shall not result in the inclusion of interest on any Series 2023A Bonds in gross income of the recipient thereof for federal income tax purposes.

Section 4.05. Series 2023A Debt Service Fund. The Trustee shall make deposits into the Series 2023A Debt Service Fund and use such deposits as follows:

(a) ***Interest Account***. The Trustee shall deposit into the Interest Account (i) the amounts as provided in Section 4.05(b) hereof, and (ii) the amounts received from the Authority, as provided in the Master Indenture, to be used to pay interest on the Series 2023A Bonds. The Trustee also shall deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2023A Bonds in accordance with their terms at any time in proportion to the amounts due or accrued with respect to each of them.

(b) Earnings on amounts in the Interest Account shall be withdrawn by the Trustee and paid to the Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings shall be retained in such account

(c) ***Capitalized Interest Account***. The Trustee shall deposit into the Capitalized Interest Account the amount as provided in Section 4.02(a) hereof. Amounts deposited to the Capitalized Interest Account shall be transferred to the Interest Account on the dates provided for in Section 4.02 of the Master Indenture for the payment of interest on the Series 2023A Bonds. The Trustee shall transfer the following amounts from the Capitalized Interest Account to the Interest Account for payment of interest on the Series 2023A Bonds on the following applicable Interest Payment Dates:

Interest Payment Date	**Amount to be Transferred to Interest Account**
	All remaining amounts on deposit in Capitalized Interest Account

Until the Series 2023A Projects are completed, earnings on amounts on deposit in the Capitalized Interest Account shall be retained in the Capitalized Interest Account and transferred to the Interest Account to pay interest on the Series 2023A Bonds as provided in the table above. On the completion date of the Series 2023A Projects, any amounts remaining on deposit in the Capitalized Interest Account shall be transferred to the Series 2023A Construction Fund.

All amounts held at any time in the Capitalized Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2023A Bonds in accordance with their terms.

(d) ***Principal Account***. The Trustee shall deposit into the Principal Account amounts received from the Authority as provided in the Master Indenture. The Trustee shall also deposit into the Principal Account any other amounts deposited with the Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Principal Account shall be used by the Trustee to pay the principal of the Series 2021A Bonds whether at maturity or by mandatory sinking fund redemption as provided in Section 3.04 hereof on the applicable Payment Dates. On or about July 15 of each Fiscal Year, earnings on the Principal Account shall be withdrawn by the Trustee and paid to the Authority for deposit into the Revenue Account unless an Event of Default exists under the Master Indenture, in which event the earnings shall be retained in the Principal Account.

(e) ***Redemption Account***. The Trustee shall deposit into the Redemption Account amounts received from the Authority as provided in the Master Indenture to be used to pay the redemption price of Series 2023A Bonds being redeemed as provided in Section 3.03(a) hereof. The Trustee shall also deposit into the Redemption Account any other amounts deposited with the Trustee for deposit into the Redemption Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Redemption Account shall be used by the Trustee to pay the redemption price of the Series 2023A Bonds being redeemed as provided in Section 3.03(a) hereof. Earnings on amounts in the Redemption Account shall be retained in such account or paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The Series 2023A Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 4.06. Series 2023B Construction Fund.

(a) There shall be deposited into the Series 2023B Construction Fund the amounts as provided in Section 4.03(d) hereof and any amounts transferred from the Capitalized Interest Account of the Series 2023B Debt Service Fund representing Capitalized Interest and earnings thereon as described in Section 4.07(b) hereof.

(b) The Trustee shall make payments or disbursements from the Series 2023B Construction Fund upon receipt from the Authority of a written requisition, in substantially the form attached as Exhibit D-2 hereto, executed by an Authorized Authority Representative, which requisition shall state, with respect to each amount requested thereby, (i) that such amount is to be paid from the Series 2023B Construction Fund and is not to be used to pay Costs of Issuance, (ii) the number of the requisition, (iii) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made, (iv) that the amount to be paid represents a Cost of the Series 2023B Projects as described in Exhibit C-2 hereto, and (v) that the amounts requisitioned will be expended only in accordance with and subject to the limitations set forth in the Tax Certificate. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(c) Moneys held in the Series 2023B Construction Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments. Earnings on the Series 2023B Construction Fund shall be retained in the Series 2023B Construction Fund.

(d) The completion of the Series 2023B Projects shall be evidenced by the filing with the Trustee of a certificate of an Authorized Authority Representative stating either (i) the date of completion of the Series 2023B Projects and the amount, if any, required in the opinion of such Authorized Authority Representative for the payment of any remaining part of the Costs of the Series 2023B Projects or (ii) that all amounts in the Series 2023B Construction Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the Series 2023B Construction Fund following the delivery of such certificate, or upon the determination of the Authority not to proceed with the Series 2023B Projects, may, at the determination of the Authority, be applied upon written requisition of an Authorized Authority Representative to any other lawful purpose designated in such requisition. As a condition to the disbursement of funds for a purpose other than the financing of the Series 2023B Projects, there shall be delivered to the Trustee with the requisition an opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used and that such use shall not result in the inclusion of interest on any Series 2023B Bonds in gross income of the recipient thereof for federal income tax purposes.

Section 4.07. Series 2023B Debt Service Fund. The Trustee shall make deposits into the Series 2023B Debt Service Fund and use such deposits as follows:

(a) ***Interest Account***. The Trustee shall deposit into the Interest Account (i) the amounts as provided in Section 4.07(b) hereof, and (ii) the amounts received from the Authority, as provided in the Master Indenture, to be used to pay interest on the Series 2023B Bonds. The Trustee also shall deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2023B Bonds in accordance with their terms at any time in proportion to the amounts due or accrued with respect to each of them.

(b) Earnings on amounts in the Interest Account shall be withdrawn by the Trustee and paid to the Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings shall be retained in such account

(c) ***Capitalized Interest Account***. The Trustee shall deposit into the Capitalized Interest Account the amount as provided in Section 4.03(a) hereof. Amounts deposited to the Capitalized Interest Account shall be transferred to the Interest Account on the dates provided for in Section 4.02 of the Master Indenture for the payment of interest on the Series 2023B Bonds. The Trustee shall transfer the following amounts from the Capitalized Interest Account to the Interest Account for payment of interest on the Series 2023B Bonds on the following applicable Interest Payment Dates:

Interest Payment Date	Amount to be Transferred to Interest Account
	All remaining amounts on deposit in Capitalized Interest Account

Until the Series 2023B Projects are completed, earnings on amounts on deposit in the Capitalized Interest Account shall be retained in the Capitalized Interest Account and transferred to the Interest Account to pay interest on the Series 2023B Bonds as provided in the table above. On the completion date of the Series 2023B Projects, any amounts remaining on deposit in the Capitalized Interest Account shall be transferred to the Series 2023B Construction Fund.

All amounts held at any time in the Capitalized Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2023B Bonds in accordance with their terms.

(d) ***Principal Account***. The Trustee shall deposit into the Principal Account amounts received from the Authority as provided in the Master Indenture. The Trustee shall also deposit into the Principal Account any other amounts deposited with the Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Principal Account shall be used by the Trustee to pay the principal of the Series 2021A Bonds whether at maturity or by mandatory sinking fund redemption as provided in Section 3.04 hereof on the applicable Payment Dates. On or about July 15 of each Fiscal Year, earnings on the Principal Account shall be withdrawn by the Trustee and paid to the Authority for deposit into the Revenue Account unless an Event of Default exists under the Master Indenture, in which event the earnings shall be retained in the Principal Account.

(e) ***Redemption Account***. The Trustee shall deposit into the Redemption Account amounts received from the Authority as provided in the Master Indenture to be used to pay the redemption price of Series 2023B Bonds being redeemed as provided in Section 3.03(b) hereof. The Trustee shall also deposit into the Redemption Account any other amounts deposited with the Trustee for deposit into the Redemption Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Redemption Account shall be used by the Trustee to pay the redemption price of the Series 2023B Bonds being redeemed as provided in Section 3.03(b) hereof. Earnings on amounts in the Redemption Account shall be retained in such account or paid to the

Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The Series 2023B Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 4.08. Series 2023 Costs of Issuance Fund.

(a) There shall, be deposited into the Series 2023 Costs of Issuance Fund the amounts as provided in Sections 4.02(c) and 4.03(c) hereof.

(b) The Trustee shall make payments or disbursements from the Series 2023 Costs of Issuance Fund upon receipt from the Authority of a written requisition in substantially the form attached hereto as Exhibit D-3, executed by an Authorized Authority Representative, which requisition shall state, with respect to each amount requested thereby, (i) the Account within the Series 2023 Costs of Issuance Fund from which such amount is to be paid, (ii) that such amount is to be paid from such Account of the Series 2023 Costs of Issuance Fund, (iii) the number of the requisition, (iv) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made and (v) describe the Costs of Issuance represented by such payment. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(c) Moneys held in the Series 2023 Costs of Issuance Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

(d) Earnings on the Series 2023A Costs of Issuance Account of the Series 2023 Costs of Issuance Fund shall be deposited into the Series 2023A Construction Fund. Any amounts remaining in the Series 2023A Costs of Issuance Account of the Series 2023 Costs of Issuance Fund on May 1, 2024 shall be transferred to the Series 2023A Construction Fund and the Series 2023A Costs of Issuance Account of the Series 2023 Costs of Issuance Fund shall be closed.

(e) Earnings on the Series 2023B Costs of Issuance Account of the Series 2023 Costs of Issuance Fund shall be deposited into the Series 2023B Construction Fund. Any amounts remaining in the Series 2023B Costs of Issuance Account of the Series 2023 Costs of Issuance Fund on May 1, 2024 shall be transferred to the Series 2023B Construction Fund and the Series 2023B Costs of Issuance Account of the Series 2023 Costs of Issuance Fund shall be closed.

Section 4.09. Reserve Fund and Series 2023 Reserve Account.

(a) ***Reserve Fund***. Amounts on deposit in the Reserve Fund shall be used by the Trustee to pay the principal of and interest on each Series of Bonds participating in the Reserve Fund if, on any principal or interest payment date for any Series of Bonds participating in the Reserve Fund, the amounts in the respective Debt Service Fund for such Series of Bonds participating in the Reserve Fund, and available therefor, are insufficient to pay in full the principal of and/or interest due on such Series of Bonds on such principal and/or interest payment date.

The Authority reserves the right to elect to have any Series of Bonds participate in the Reserve Fund on a parity basis with all other Series of Bonds participating in the Reserve Fund; provided that at the time of issuance of such Bonds elected to participate in the Reserve Fund the Authority deposits or causes to be deposited to the Reserve Fund additional moneys or a Reserve Fund Insurance Policy so that the amounts (including any Reserve Fund Insurance Policies) on deposit in the Reserve Fund after the issuance of the Bonds elected to participate in the Reserve Fund shall equal the Reserve Requirement. Notwithstanding the previous sentence, such required deposit of moneys or Reserve Fund Insurance Policy into the Reserve Fund can be made at the time of issuance of the Bonds elected to participate in the Reserve Fund or within 12 months of the date of issuance of such Bonds elected to participate in the Reserve Fund. In the event the required deposit of moneys or Reserve Fund Insurance Policy into the Reserve Fund is not made at the time of issuance of the Bonds elected to participate in the Reserve Fund, the Authority shall make deposits to the Reserve Fund in twelve (12) substantially equal monthly installments (each installment equal to 1/12 of the required deposit to the Reserve Fund) each due on the first Business Day of the month commencing with the first month after the issuance of such Bonds participating in the Reserve Fund.

The Trustee shall annually, on or about July 2 of each year, commencing on July 2, 2024, and at such other times as the Authority shall deem appropriate (but not more often than once per quarter during each year), value the Reserve Fund on the basis of the lower of cost or market value thereof. For purposes of determining the amount on deposit in the Reserve Fund, any Reserve Fund Insurance Policy held by, or the benefit of which is available to, the Trustee as security for the Bonds participating in the Reserve Fund shall be deemed to be a deposit in the face amount or stated amount of the Reserve Fund Insurance Policy, except that if the amount available under a Reserve Fund Insurance Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Reserve Fund Insurance Policy and has not been reinstated or another Reserve Fund Insurance Policy provided, then, in valuing the Reserve Fund, the value of such Reserve Fund Insurance Policy shall be reduced accordingly. Upon each such valuation, the Trustee shall prepare a written certificate setting forth the Reserve Requirement as of such valuation date and the value of the Reserve Fund and deliver a copy thereof to the Chief Financial Officer. If, upon any valuation, the value of the Reserve Fund exceeds the Reserve Requirement, the excess amount, including investment earnings, shall be withdrawn and deposited by the Trustee into the respective Debt Service Funds for each Series of Bonds participating in the Reserve Fund, pro rata based on outstanding par amounts for each Series of Bonds participating in the Reserve Fund, unless otherwise directed by the Authority. If, upon any valuation, the value of the Reserve Fund is less than the Reserve Requirement, the Authority shall replenish such amounts within twelve (12) months of the date of valuation.

Provided the Reserve Fund has been satisfied by both cash or securities and a Reserve Fund Insurance Policy, any payment of principal and/or interest on the Series of Bonds participating in the Reserve Fund from the Reserve Fund shall first be made from any cash or securities then deposited in the Reserve Fund and only in the event no cash or securities remain in the Reserve Fund shall the Trustee be allowed to make a draw under the Reserve Fund Insurance Policy. Additionally, in the event that two or more Reserve Fund Insurance Policies have been entered into, any payment of principal and/or interest to be made pursuant to any of the Reserve Fund Insurance Policies shall be made on a pro rata basis.

At such time as amounts in the respective Debt Service Funds for each Series of Bonds participating in the Reserve Fund are equal to all debt service payments remaining due on the Series of Bonds participating in the Reserve Fund, the amount in the Reserve Fund may be used to pay the final installments of principal and interest on the Series of Bonds participating in the Reserve Fund and otherwise may be withdrawn and transferred to the Authority to be deposited in the Revenue Account to be used for any lawful purpose, provided that, if such amounts are used for a purpose other than payment of the Series of Bonds participating in the Reserve Fund, there shall be delivered to the Trustee with the request for such funds an opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used and that such use shall not result in the inclusion of interest on any Series of Bonds participating in the Reserve Fund in gross income of the recipient thereof for federal income tax purposes, if applicable.

A Reserve Fund Insurance Policy shall be acceptable in lieu of an initial deposit of cash or securities or in substitution of cash or securities on deposit in the Reserve Fund only if at the time of such deposit (a) such Reserve Fund Insurance Policy extends to the final maturity of the Series of Bonds for which such Reserve Fund Insurance Policy was issued or (b) the Authority has agreed, by Supplemental Indenture, that the Authority will replace such Reserve Fund Insurance Policy prior to its expiration with another Reserve Fund Insurance Policy or with cash.

If moneys have been withdrawn from the Reserve Fund or a payment has been made under a Reserve Fund Insurance Policy, and deposited into the respective Debt Service Funds for the Series of Bonds participating in the Reserve Fund to prevent a default on the Series of Bonds participating in the Reserve Fund, then the Authority will pay or cause to be paid to the Trustee, from Net Revenues, but only as provided in the Master Indenture, the full amount so withdrawn, together with interest, if any, required under the terms of the Reserve Fund Insurance Policy, or so much as shall be required to restore the Reserve Fund to the Reserve Requirement and to pay such interest, if any. Such repayment shall be made in twelve (12) substantially equal monthly installments each due on the first Business Day of the month commencing with the first month after such withdrawal occurs. If such repayment is with respect to a draw under a Reserve Fund Insurance Policy, the Trustee shall pay to the provider of such Reserve Fund Insurance Policy the amount received by the Trustee from the Authority which is designated to be used to reimburse the provider of such Reserve Fund Insurance Policy. The Trustee shall immediately notify the provider of such Reserve Fund Insurance Policy of such reimbursement, and the amount available to be drawn under the Reserve Fund Insurance Policy shall increase by the amount of such reimbursement. Repayments owed to the provider of a Reserve Fund Insurance Policy shall be paid prior to funding the unfunded cash portion of the Reserve

Requirement; provided, however, that the Authority's obligation to fund the Reserve Fund shall be on the same priority as the Authority's obligation to fund Debt Service Reserve Funds for its other Bonds. Amounts provided by the Authority to the Trustee to fund the Authority's reserve fund obligations for its Bonds must be distributed between all of the Bonds on a pro rata basis without regard to the existence of a cash funded Debt Service Reserve Fund or a reserve fund insurance policy.

Moneys in the Reserve Fund shall be invested and reinvested by the Trustee at the direction of an Authorized Authority Representative in Permitted Investments.

(b) ***Series 2023 Reserve Account***. In accordance with Section 4.09(a) hereof, the Authority hereby elects to have the Series 2023A Bonds and the Series 2023B Bonds participate in the Reserve Fund. As provided in Sections 4.02(b) and 4.03(b) hereof, at the time of the issuance of the Series 2023 Bonds, a portion of the proceeds of the Series 2023A Bonds and a portion of the proceeds of the Series 2023B Bonds shall be deposited into the Series 2023 Reserve Account. The Series 2023 Reserve Account shall be established for purposes of calculating and accounting for the amount of earnings upon the portion of the Reserve Fund allocable to the Series 2023A Bonds and the Series 2023B Bonds for rebate purposes as set forth in the Tax Certificate, but for all other purposes shall be held, invested and used as an integral part of the Reserve Fund as provided in Section 4.09(a) hereof and shall be available to make payments on all of the Series of Bonds participating in the Reserve Fund as if no separate account had been created. In the event a Reserve Fund Insurance Policy is ever issued with respect to the Reserve Fund, the Trustee is hereby directed to credit the Series 2023 Reserve Account with the portion of any Reserve Fund Insurance Policy allocable thereto. In the event amounts in the Reserve Fund exceed the Reserve Requirement, such excess allocable to the Series 2023A Bonds shall be transferred to the Interest Account in the Series 2023A Debt Service Fund and such excess allocable to the Series 2023B Bonds shall be transferred to the Interest Account in the Series 2023B Debt Service Fund.

Section 4.10. Sources of Payment of the Series 2023 Bonds. The Series 2023 Bonds shall be secured by and payable from the Net Revenues as provided in the Master Indenture and moneys and other investments held by the Trustee in the Reserve Fund. The Authority may, but is not obligated to, provide for the payment of the principal of and interest on the Series 2023 Bonds from any other source or from any other funds of the Authority.

ARTICLE V

TAX COVENANTS

Section 5.01. Series 2023 Rebate Fund. The Authority hereby agrees that it will execute the Tax Certificate and will, pursuant to this Fifth Supplemental Indenture, cause the Series 2023 Rebate Fund to be established, which fund will be funded if so required pursuant to the provisions of the Tax Certificate and amounts in such Series 2023 Rebate Fund shall be held and disbursed in accordance with the Tax Certificate.

Section 5.02. Preservation of Tax Exemption on Series 2023 Bonds.

(a) The Authority shall comply with the covenants and agreements set forth in the Tax Certificate.

(b) The Authority shall not use or permit the use of any proceeds of the Series 2023 Bonds or any other funds of the Authority held by the Trustee under the Master Indenture and this Fifth Supplemental Indenture allocable to the Series 2023 Bonds, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Authority or the Trustee with respect to the Series 2023 Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Series 2023 Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code or an "arbitrage bond" within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder and under Section 103(c) of the Code. The Authority shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. In the event the Authority is of the opinion that it is necessary to restrict or limit the yield on the investment of money held by the Trustee or to use such money in certain manners, in order to avoid the Series 2023 Bonds being considered "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Series 2023 Bonds at such time, the Authority shall issue to the Trustee a certificate to such effect together with appropriate instructions, in which event the Trustee shall take such action as it is directed to take to use such money in accordance with such certificate and instructions, irrespective of whether the Trustee shares such opinion.

(c) The Authority shall at all times do and perform all acts and things permitted by law and this Fifth Supplemental Indenture which are necessary or desirable in order to assure that interest paid on the Series 2023 Bonds will not be included in gross income for federal income tax purposes (other than interest paid to holders of the Series 2023B Bonds that are a "substantial user" of the facilities financed with the Series 2023B Bonds or a "related person" within the meaning of Section 147(a) of the Code) and shall take no action that would result in such interest being included in gross income for federal income tax purposes (other than interest paid to holders of the Series 2023B Bonds that are a "substantial user" of the facilities financed with the Series 2023B Bonds or a "related person" within the meaning of Section 147(a) of the Code).

ARTICLE VI

MISCELLANEOUS

Section 6.01. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Fifth Supplemental Indenture or the Series 2023 Bonds must be in writing except as expressly provided otherwise in this Fifth Supplemental Indenture or the Series 2023 Bonds.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when mailed by first-class mail, postage prepaid, addressed to the Authority or the Trustee at the addresses provided in the Master Indenture or when delivered by hand and received by the Authority or the Trustee at the addresses provided in the Master Indenture. Any addressee may designate additional or different addresses for purposes of this Section. In addition to the address set forth in the Master Indenture, all notices and communications to be sent to the Trustee shall also be sent to The Bank of New York Mellon Trust Company, N.A., 333 South Hope Street, Suite 2525, Los Angeles, California 90071, Attention: Corporate Trust Department.

Section 6.02. Modification of Master Indenture and this Fifth Supplemental Indenture. The Authority may, from time to time and at any time execute and deliver Supplemental Indentures supplementing and/or amending the Master Indenture and this Fifth Supplemental Indenture in the manner set forth in Article X of the Master Indenture.

Section 6.03. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Master Indenture and this Fifth Supplemental Indenture, failure of the Authority to comply with its obligations set forth in the Continuing Disclosure Certificate shall not constitute an Event of Default (as specified in Article VIII of the Master Indenture); provided, however, that any participating underwriter for the Series 2023 Bonds or any Bondholder or Beneficial Owner of the Series 2023 Bonds may take such actions as may be necessary and appropriate to compel performance by the Authority of its obligations under this Section, including seeking mandate or specific performance by court order.

Section 6.04. Parties Interested Herein. Nothing in this Fifth Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee and the Bondholders of the Series 2023 Bonds, any right, remedy or claim under or by reason of this Fifth Supplemental Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Fifth Supplemental Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Bondholders of the Series 2023 Bonds.

Section 6.05. Severability. If any provision of this Fifth Supplemental Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Fifth Supplemental Indenture.

Section 6.06. Payments or Actions Occurring on Non-Business Days. If a payment date is not a Business Day at the place of payment or if any action required hereunder is required on a date that is not a Business Day, then payment may be made at that place on the next Business Day or such action may be taken on the next Business Day with the same effect as if payment were made on the action taken on the stated date, and no interest shall accrue for the intervening period.

Section 6.07. Governing Law. This Fifth Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of California.

Section 6.08. Captions. The captions in this Fifth Supplemental Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Fifth Supplemental Indenture.

Section 6.09. Counterparts. This Fifth Supplemental Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

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

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Supplemental Trust Indenture to be duly executed, all as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ______________________________

Kimberly J. Becker
President and CEO

Attest:

By ______________________________

Tony R. Russell
Director, Board Services/Authority Clerk

Approved as to form:

By ______________________________

Amy Gonzalez
General Counsel

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

By ______________________________

Authorized Representative

[Signature page to Fifth Supplemental Trust Indenture]

EXHIBIT A

FORM OF SERIES 2023 BOND

San Diego County Regional Airport Authority
Senior Airport Revenue Bond
Series 2023[A/B]
[(Governmental/Non-AMT)][(Private Activity/AMT)]

No. R-[___] Principal Amount: $______________

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AS DEFINED IN THE HEREINAFTER DEFINED FIFTH SUPPLEMENTAL INDENTURE) TO THE TRUSTEE (AS HEREINAFTER DEFINED) FOR REGISTRATION OF, TRANSFER, EXCHANGE, OR PAYMENT, AND ANY SERIES 2023[A/B] BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Interest Rate	Maturity Date	Original Dated Date	CUSIP
%	July 1, 20[__]	October [•], 2023	79739G[___]

THIS BOND IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF NET REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF THE AIRPORT SYSTEM AND CERTAIN FUNDS AND ACCOUNTS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THIS BOND, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

The San Diego County Regional Airport Authority (the "Authority"), acting pursuant to Section 170000 *et seq*. of the California Public Utilities Code (the "Act") and with exclusive management and control of the Airport System, promises to pay, from the Net Revenues, to ___________, or registered assigns, the principal sum of _________________ Dollars on the Maturity Date set forth above and to pay interest as provided in this Bond.

Additional provisions of this Bond are set forth on the following pages of this Bond.

All acts, conditions and other matters required to exist, to happen and to be performed, precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law and the Act.

SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY
By ______________________________
Name ____________________________
Title _____________________________

Attest:

By: ______________________________
Director, Board Services/Authority Clerk

CERTIFICATE OF AUTHENTICATION

The Bank of New York Mellon Trust Company, N.A., as Trustee, hereby certifies that this is one of the Bonds referred to in the Master Indenture and the Fifth Supplemental Indenture.

Date of Authentication: ____________, 20___

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

By ______________________________
Name ____________________________
Title _____________________________

1. **Master Indenture; Fifth Supplemental Indenture**. The Authority has entered into a Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Indenture"), with The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"). Such Master Indenture provides that the Authority may issue bonds and incur other indebtedness under the terms and conditions set forth in the Master Indenture and Supplemental Indentures. All bonds and other indebtedness issued thereunder and secured thereby are collectively referred to herein as "Bonds." All capitalized terms not defined herein shall have the meanings set forth in the Master Indenture and the hereinafter defined Fifth Supplemental Indenture.

This Bond is part of a series of Bonds of the Authority issued under the Master Indenture and the Fifth Supplemental Trust Indenture, dated as of [October] 1, 2023 (the "Fifth Supplemental

Indenture"), by and between the Authority and the Trustee and authorized by Resolution No. 2023-[•] adopted by the board of directors of the Authority on [September 7], 2023. The series of Bonds of which this Bond is a part is being issued in the original principal amount of $[PARA]/[PARB] and designated as San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023[A/B] [(Governmental/Non-AMT)][(Private Activity/AMT)] (the "Series 2023[A/B] Bonds"). Simultaneously with the issuance of the Series 2031[A/B] Bonds, the Authority is issuing its $[PARA]/[PARB] and designated as San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023[A/B] [(Governmental/Non-AMT)][(Private Activity/AMT)].

The Series 2023[A/B] Bonds are being issued with a pledge of and lien on Net Revenues on a parity with the Series 2023[A/B] Bonds, and any additional Bonds issued on a parity with the Series 2023 Bonds under the terms and provisions of the Master Indenture.

The terms of the Series 2023 Bonds include the terms set forth in the Master Indenture and the Fifth Supplemental Indenture. Bondholders are referred to the Master Indenture, as amended and supplemented from time to time, and the Fifth Supplemental Indenture, as amended and supplemented from time to time, for a statement of those terms and for the meanings of any defined terms not defined herein.

2. **Source of Payments**. The Series 2023[A/B] Bonds are, as provided in the Master Indenture and the Fifth Supplemental Indenture, together with all other Bonds, secured by and payable from, the Net Revenues, as described below and as defined in the Master Indenture. The Master Indenture pledges the Net Revenues to secure payment of all Bonds issued under the Master Indenture.

All defined terms used in such description shall have the meaning assigned to them in the Master Indenture. The Authority is not required to provide for the payment of the Bonds from any other source other than from certain funds and accounts under the Master Indenture and the Supplemental Indentures in accordance with their terms.

3. **Interest Rate**. This Bond shall bear interest until the Maturity Date at the rate shown on the first page of this Bond. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the rate on this Bond on the day before the default occurred.

Interest on this Bond shall be calculated on the basis of a year of 360 days and twelve 30-day months.

4. **Interest Payment and Record Dates**. Interest hereon will be due and payable on [January/July] 1, 2024 and each January 1 and July 1 thereafter and will be paid to the party who is the owner hereof on the Record Date for such payment. The Record Date for a January 1 payment is the preceding December 15, and the Record Date for a July 1 payment is the preceding June 15. If this Bond is not a Book-Entry Bond, as defined in the Fifth Supplemental Indenture, interest hereon will be paid by check mailed to the Bondholder's registered address, and, if this Bond is a Book-Entry Bond, as defined in the Fifth Supplemental Indenture, interest will be paid as provided in the Fifth Supplemental Indenture. Interest will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or

by checks or wire transfer payable in such money. If any payment of interest on this Bond is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

5. **Payment of Principal**. Payment of principal of this Bond will be paid at maturity upon surrender of this Bond to the Trustee or its agent except that if this Bond is a Book-Entry Bond, the Trustee may make other arrangements for payment of principal. Principal will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money. If any payment of principal of this Bond is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

6. **Redemption**. All redemptions will be made at a redemption price of 100% of the principal amount of the Series 2023[A/B] Bonds being redeemed, plus interest accrued since the most recent interest payment date.

(a) ***Optional Redemption***. The Series 2023[A/B] Bonds maturing on or before July 1, 20[•] are not subject to optional redemption prior to maturity. The Series 2023[A/B] Bonds maturing on or after July 1, 20[•] are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after [January/July] 1, 20[•] at a redemption price equal to 100% of the principal amount of the Series 2023[A/B] Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

(b) [***Mandatory Sinking Fund Redemption***. The Series 2023[A/B] Bonds with a stated Maturity Date of July 1, 20[•] will be subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon, on July 1, 20[•] and each July 1 thereafter, to and including July 1, 20[•] in accordance with the terms of a mandatory sinking fund redemption schedule set forth in the Fifth Supplemental Indenture.]

(c) ***Notice of Redemption***. At least thirty (30) days but not more than sixty (60) days before each redemption, the Trustee will give notice sent as provided in the Fifth Supplemental Indenture to each owner of a Series 2023[A/B] Bond to be redeemed. Failure to give any required notice of redemption will not affect the validity of the call for redemption of any Series 2023[A/B] Bond in respect of which no failure occurs. Any notice sent as provided in the Fifth Supplemental Indenture will be conclusively presumed to have been given whether or not actually received by the addressee.

(d) ***Effect of Redemption***. When notice of redemption is given, and funds are deposited with the Trustee or an agent of the Trustee sufficient for redemption, interest on the Series 2023[A/B] Bonds to be redeemed ceases to accrue as of the redemption date.

7. **Denominations; Transfer; Exchange**. The Series 2023[A/B] Bonds are available in denominations of $5,000 and integral multiples thereof. A Bondholder may transfer or exchange Series 2023[A/B] Bonds in accordance with the Master Indenture and the Fifth Supplemental Indenture. The Trustee may require a Bondholder, among other things, to furnish

appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Master Indenture. The Trustee need not transfer or exchange any Series 2023[A/B] Bond during the period established by the Registrar for selection of Series 2023[A/B] Bonds for redemption of any Series 2023[A/B] Bond which has been selected for redemption.

8. **Persons Deemed Owners**. The registered owner of this Bond shall be treated as the owner of it for all purposes.

9. **Unclaimed Money**. If money for the payment of principal or interest remains unclaimed for one year (or such longer period as shall be required by state law), the Trustee will pay the money to or for the account of the Authority. After that, Bondholders entitled to the money must look only to the Authority and not to the Trustee for payment.

10. **Discharge Before Maturity**. If the Authority at any time deposits with the Trustee money, Government Obligations or obligations described in item (b) of the definition of Permitted Investments as described in the Master Indenture sufficient to pay at maturity principal of and interest on the outstanding Series 2023[A/B] Bonds, and if the Authority also pays all other sums then payable by the Authority under the Master Indenture, the Master Indenture will be discharged. After discharge, Bondholders must look only to the deposited money and securities for payment. If the Authority at any time deposits with the Trustee money, Government Obligations or obligations described in item (b) of the definition of Permitted Investments as described in the Master Indenture sufficient to pay at maturity, principal of and interest on all or any portion of the outstanding Series 2023[A/B] Bonds, such Series 2023[A/B] Bonds, with respect to which the deposit was made, shall no longer be deemed to be outstanding and shall no longer be secured by the Master Indenture except to the extent of the funds set aside therefor.

11. **Amendment, Supplement, Waiver**. The Master Indenture, the Fifth Supplemental Indenture and the Series 2023[A/B] Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, as provided in the Master Indenture. Any consent given by the owner of this Bond shall bind any subsequent owner of this Bond or any Bond delivered in substitution for this Bond.

12. **Defaults and Remedies**. The Master Indenture provides that the occurrences of certain events constitute Events of Default. If an Event of Default occurs and is continuing, the Trustee may exercise the remedies set forth in the Master Indenture. Under no circumstances does an Event of Default grant any right to accelerate payment of this Bond. An Event of Default and its consequences may be waived as provided in the Master Indenture and the Fifth Supplemental Indenture. Bondholders may not enforce the Master Indenture or this Bond except as provided in the Master Indenture and the Fifth Supplemental Indenture. The Trustee may refuse to enforce the Master Indenture or this Bond unless it receives indemnity satisfactory to it. Subject to certain limitations, Bondholders of a majority of the principal amount of the Series 2023[A/B] Bonds (determined in accordance with the terms of the Master Indenture and the Fifth Supplemental Indenture) may direct the Trustee in its exercise of any trust or power.

13. **No Recourse Against Others**. No member, director, officer or employee of the Authority shall have any personal liability for any obligations of the Authority under this Bond, the Master Indenture or the Fifth Supplemental Indenture or for any claim based on such

obligations or their creation or be subject to any personal liability or accountability by reason of the issuance thereof. Each Bondholder, by accepting this Bond, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Bond.

14. **Authentication**. This Bond shall not be valid until the Trustee or an authenticating agent signs the certificate of authentication on the signature page of this Bond.

15. **Abbreviations**. Customary abbreviations may be used in the name of a Bondholder or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), U/G/M/A (= Uniform Gifts to Minors Act) and U/T/M/A (= Uniform Transfers to Minors Act).

[FORM OF ASSIGNMENT]

I or we assign and transfer to

Insert social security or other
identifying number of assignee

[ ]

[ ]
____

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____

(Print or type name, address and zip code of assignee) this Bond and irrevocably appoint
____

________________________ agent to transfer this Bond on the books of the Authority. The agent may substitute another to act for him.

Dated: __________________________________

Signed ____
(Sign exactly as name appears on the face of this Bond)

Signature guaranteed: ____

(NOTE: Signature(s) guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or such other guarantee program acceptable to the Trustee.)

EXHIBIT B

DEBT SERVICE SCHEDULES

San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2023A
(Governmental/Non-AMT)

Date	Principal	Interest	Total

San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2023B
(Private Activity/AMT)

Date	Principal	Interest	Total

EXHIBIT C-1

SERIES 2023A PROJECTS

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EXHIBIT C-2

SERIES 2023B PROJECTS

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EXHIBIT D-1

FORM OF SERIES 2023A CONSTRUCTION FUND REQUISITION

Requisition No. __________

To: The Bank of New York Mellon Trust Company, N.A.
333 South Hope Street, Suite 2525
Los Angeles, CA 90071
Attention: Corporate Trust Department

Re: Requisition of Funds from San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023A Construction Fund

The amount requisitioned: $ ______________________________

Payment to be made to: ___________________________________

Manner in which payment is to be made: ____________________

Description of Costs of Series 2023A Project: _________________

The undersigned, an Authorized Authority Representative within the meaning of the Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Indenture"), by and between the San Diego County Regional Airport Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"), as supplemented by the Fifth Supplemental Trust Indenture, dated as of [October] 1, 2023 (the "Fifth Supplemental Indenture"), by and between the Authority and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in the San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023A Construction Fund held under the Fifth Supplemental Indenture and directs that payment be made in the manner described above.

The amount to be paid represents Costs of the Series 2023A Project (as defined in the Master Indenture and the Fifth Supplemental Indenture) and does not represent Costs of Issuance associated with the issuance of the Series 2023A Bonds (as defined in the Fifth Supplemental Indenture) and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated October [•], 2023 and relating to the Series 2023A Bonds (as defined in the Fifth Supplemental Indenture).

Dated: __________________.

By ____________________________________
Authorized Authority Representative

EXHIBIT D-2

FORM OF SERIES 2023B CONSTRUCTION FUND REQUISITION

Requisition No. __________

To: The Bank of New York Mellon Trust Company, N.A.
333 South Hope Street, Suite 2525
Los Angeles, CA 90071
Attention: Corporate Trust Department

Re: Requisition of Funds from San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023B Construction Fund

The amount requisitioned: $ ______________________________

Payment to be made to: ___________________________________

Manner in which payment is to be made: _____________________

Description of Costs of Series 2023B Project: _________________

The undersigned, an Authorized Authority Representative within the meaning of the Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Indenture"), by and between the San Diego County Regional Airport Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"), as supplemented by the Fifth Supplemental Trust Indenture, dated as of [October] 1, 2023 (the "Fifth Supplemental Indenture"), by and between the Authority and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in the San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023B Construction Fund held under the Fifth Supplemental Indenture and directs that payment be made in the manner described above.

The amount to be paid represents Costs of the Series 2023B Project (as defined in the Master Indenture and the Fifth Supplemental Indenture) and does not represent Costs of Issuance associated with the issuance of the Series 2023B Bonds (as defined in the Fifth Supplemental Indenture) and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated October [•], 2023 and relating to the Series 2023B Bonds (as defined in the Fifth Supplemental Indenture).

Dated: __________________.

By ____________________________________
Authorized Authority Representative

EXHIBIT D-3

FORM OF SERIES 2023 COSTS OF ISSUANCE FUND REQUISITION

Requisition No. ___

To: The Bank of New York Mellon Trust Company, N.A.
333 South Hope Street, Suite 2525
Los Angeles, CA 90071
Attention: Corporate Trust Department

Re: Requisition of Funds from San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2021 Costs of Issuance Fund

The amount requisitioned: $________________

Payment to be made to: ____________________

Manner in which payment is to be made: __________________

Description of Costs of Issuance: __________________

The undersigned, an Authorized Authority Representative within the meaning of the Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Indenture") by and between the San Diego County Regional Airport Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"), as supplemented by the Fifth Supplemental Trust Indenture, dated as of [October] 1, 2023 (the "Fifth Supplemental Indenture"), by and between the Authority and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in **[check one]**

[_____] San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023A Costs of Issuance Account

[_____] San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023B Costs of Issuance Account

of the San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2023 Costs of Issuance Fund held under the Fifth Supplemental Indenture and directs that payment be made in the manner described above.

The amount to be paid represents a Cost of Issuance of the Series 2023 Bonds and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate dated October [•], 2023 and relating to the Series 2023 Bonds. Capitalized terms not otherwise defined herein shall have the applicable meanings in the Master Indenture and the Fifth Supplemental Indenture.

Dated: ____________________.

By ____
Authorized Authority Representative

EXHIBIT E

PURCHASED SUBORDINATE SERIES 2021C BONDS

San Diego County Regional Airport Authority
Subordinate Airport Revenue Refunding Bonds
Series 2021C
(Federally Taxable)

Maturity Date (July 1)	Interest Rate	CUSIP Number	Principal Purchased	Purchase Price (per $100)	Total Purchase Price	Accrued Interest Due on Purchase Date	Total Due on Purchase Date	Purchase Date

SCHEDULE B

PURCHASE CONTRACT

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

$[PARA]*	$[PARB]*
Senior Airport Revenue Bonds	**Senior Airport Revenue Bonds**
Series 2023A	**Series 2023B**
(Governmental/Non-AMT)	**(Private Activity/AMT)**

October __, 2023

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

Ladies and Gentlemen:

The undersigned, Jefferies LLC (the "**Representative**"), on behalf of itself and as representative of the other underwriters listed on the signature page hereof (with the Representative, the "**Underwriters**") hereby offers to enter into this Purchase Contract (this "**Purchase Contract**") with the San Diego County Regional Airport Authority (the "**Authority**"). The offer made hereby is subject to acceptance by the Authority by execution and delivery of this Purchase Contract to the Underwriters at or prior to 11:59 p.m., California time, on the date first above written, and if not so accepted will be subject to withdrawal by the Underwriters upon notice delivered to the Authority at any time prior to the acceptance hereof by the Authority. Upon acceptance of this offer by the Authority in accordance with the terms hereof, this Purchase Contract will be binding upon the Authority and upon the Underwriters. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Preliminary Official Statement and the Indenture, each as hereinafter defined.

1. **Purchase and Sale**.

(a) Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Underwriters, acting as principals and independent contractors and not as agents or fiduciaries, hereby, jointly and severally, agree to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriters, all (but not less than all) of the Authority's $[Series A par] aggregate principal amount of Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the "**Series 2023A Bonds**") and $[Series B par] aggregate principal amount of Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the "**Series 2023B Bonds**," and together with the Series 2023A Bonds, the "**Series 2023 Bonds**"). The Series 2023 Bonds shall be dated the date of issuance, shall bear interest payable on [January/July] 1, 2024 and thereafter semiannually each January 1 and July 1 at the rates, shall mature on July 1 in each year in the amounts, shall be purchased at the prices, and shall be subject to redemption, all as set forth in the attached **Schedule I**. The purchase price for the Series 2023A Bonds shall be $___________ (consisting of the aggregate principal amount of the Series 2023A Bonds, plus [net] original issue premium of $____________, less an underwriters' discount of $____________) (the "**Series 2023A Purchase Price**"). The purchase price for the Series 2023B Bonds shall be $____________ (consisting of the aggregate principal amount of the Series 2023B Bonds, plus [net] original issue premium of $_____________, less an underwriters' discount of $___________) (the "**Series 2023B Purchase Price**" and collectively with the Series 2023A Purchase Price, the "**Purchase Price**").

(b) In order to assist the Underwriters in complying with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), the Authority will undertake, pursuant to a Continuing Disclosure Certificate, dated as of October [__], 2023 (the "**Continuing Disclosure Certificate**"), to provide certain annual financial and operating information and notices of the occurrence of certain enumerated events. A description of this undertaking is set forth in, and a form of the Continuing Disclosure Certificate is attached as Appendix F to, the Preliminary Official Statement and the Official Statement (as hereinafter defined).

(c) The Authority acknowledges and agrees that: (i) the Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Authority and the Underwriters and the Underwriters have financial and other interests that differ from those of the Authority; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the Authority and have not assumed any advisory or fiduciary responsibility to the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Authority on other matters); (iv) the only obligations the Underwriters have to the Authority with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; and (v) the Authority has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate. Nothing in the foregoing paragraph is intended to limit the Underwriters' obligations of fair dealing under the Municipal Securities Rulemaking Board's Rule G-17.

2. **The Series 2023 Bonds**. The Series 2023 Bonds will be issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the "**Act**"); the Revenue Bond Law of 1941 Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title *5* of the California Government Code and the limitations set forth in California Government Code Section 54402(b), which do not apply to the issuance and sale of bonds pursuant to the Act; and the Master Trust Indenture, dated as of November 1, 2005, as amended (the "**Master Indenture**"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"), and the Fifth Supplemental Trust Indenture, to be dated as of October 1, 2023 (the "**Fifth Supplemental Indenture**," and collectively with the Master Indenture and all supplements thereto, the "**Indenture**"), by and

between the Authority and the Trustee. Additionally, the board of directors of the Authority (the "**Board**") authorized the issuance of the Series 2023 Bonds pursuant to a resolution adopted by the Board on September 7, 2023 (the "**Bond Resolution**"). The Series 2023 Bonds shall be payable from Net Revenues, and from certain additional limited funds held by the Trustee under the Indenture.

The proceeds of the Series 2023 Bonds will be used to (a) pay and/or reimburse the Authority for certain capital improvements at San Diego International Airport associated with the New T1 program, (b) repay all of the outstanding Subordinate Revolving Obligations, (c) purchase, in the sole discretion of the Authority, all or a portion of the Authority's Subordinate Airport Revenue Refunding Bonds, Series 2021C (Federally Taxable) (the "Subordinate Series 2021C Bonds"), that may be tendered by the holders thereof in response to a formal tender solicitation, (d) fund a portion of the interest accruing on the Series 2023 Bonds, (e) make a deposit to the Senior Reserve Fund, and (f) pay the costs of issuance of the Series 2023 Bonds. The Series 2023 Bonds are being issued for such purposes and shall otherwise be as described in the Indenture and the Official Statement.

The Authority, with the assistance of Jefferies LLC, as dealer manager (the "**Dealer Manager**"), has released an "Invitation to Tender made by San Diego County Regional Airport Authority" dated September __, 2023 (the "**Invitation to Tender**") inviting owners of [certain of] the Subordinate Series 2021C Bonds to tender such bonds for purchase by the Authority. Such purchase of tendered bonds will be funded by a portion of the proceeds of the Series 2023 Bonds as described herein. Such tender is expected to close concurrently with the issuance of the Series 2023 Bonds. The Invitation to Tender, the Dealer Manager Agreement, dated September __, 2023 (the "**Dealer Manager Agreement**") between the Dealer Manager and the Authority, the Bondholder Identification, Information and Tender Agent Agreement, between Globic Advisors (the "**Information and Tender Agent**") and the Authority dated _______ __, 2023, and related notices and agreements entered into by the Authority to effect the purchase of the tendered bonds are collectively referred to herein as the "**Tender Documents**."

3. **Use and Preparation of Official Statement**.

(a) The Authority hereby ratifies, approves and confirms the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement of the Authority with respect to the Series 2023 Bonds, dated September __, 2023 (including the Appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "**Preliminary Official Statement**"), in connection with the offering and sale of the Series 2023 Bonds. It is acknowledged by the Authority that the Underwriters may deliver the Preliminary Official Statement and the final Official Statement (defined below) electronically over the internet and in printed paper form. The Authority deems the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12, except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12.

(b) The Authority hereby agrees to deliver or cause to be delivered to the Underwriters, in sufficient time to accompany any confirmation that requests payment from any customer (but in no event later than the earlier of seven business days after the date hereof or two business days prior to the Closing Date (as hereinafter defined)), copies of the final Official Statement, dated the date hereof (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements to such Official Statement as have been approved by the Authority and the Representative) (the "**Official Statement**") in sufficient quantity (which may be in electronic form) and in a form (including a word-searchable pdf format including any amendments thereto) to enable the Underwriters to comply with the rules of the Securities and Exchange Commission (the "**SEC**") and the Municipal Securities Rulemaking Board (the "**MSRB**"). The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Authority shall only make such other additions, deletions and revisions in the Official Statement that are agreed to by the Authority and by the Representative. The Authority hereby approves of the use and distribution by the Underwriters of the Official Statement in connection with the offer and sale of the Series 2023 Bonds. At the time of or prior to the date of Closing (as hereinafter defined), the Underwriters shall file a copy of the Official Statement with the MSRB on its Electronic Municipal Markets Access ("**EMMA**") system.

4. **Representations, Warranties, Covenants and Agreements of the Authority**. The Authority represents and warrants to and covenants and agrees with the Underwriters that as of the date hereof:

(a) The Authority is a local governmental entity of regional government with jurisdiction extending throughout the County of San Diego, organized and existing pursuant to the provisions of the Act and the Constitution of the State of California (the "**State**").

(b) The Authority has full legal right, power and authority to enter into this Purchase Contract, the Continuing Disclosure Certificate, the Tender Documents and the Indenture, to execute this Purchase Contract, the Fifth Supplemental Indenture, the Continuing Disclosure Certificate and the Tender Documents, to adopt the Bond Resolution and to observe, perform and consummate the covenants, agreements and transactions required or contemplated by this Purchase Contract, the Indenture, the Continuing Disclosure Certificate, the Tender Documents and the Official Statement and to issue, sell and deliver the Series 2023 Bonds to the Underwriters as provided herein; and by all necessary official action of the Authority prior to or concurrently with the acceptance hereof, the Board has duly adopted the Bond Resolution and approved the Preliminary Official Statement and the Official Statement; the Bond Resolution is in full force and effect and has not been amended, modified or rescinded; the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of its obligations contained in, as applicable, the Series 2023 Bonds, the Indenture, the Official Statement, the Continuing Disclosure Certificate, the Tender Documents and this Purchase Contract, and the consummation by it of all other transactions contemplated by this Purchase Contract to have been performed or consummated at or prior to the Closing Date; and the Authority is in compliance in all respects with the terms of the Act and with the obligations in connection with the issuance of the Series 2023 Bonds on its part contained in the Bond Resolution, the Indenture, the Series 2023 Bonds and this Purchase Contract.

(c) As of the date thereof and the date hereof, the Preliminary Official Statement (except for the information relating to DTC and DTC's book-entry system (the "**Book-Entry System**"), the forecasts included in the Financial Feasibility Report set forth in Appendix

A of the Preliminary Official Statement and in Table 24 in the forepart of the Preliminary Official Statement, the information under the captions "UNDERWRITING" and "RELATED PARTIES," Appendix G of the Preliminary Official Statement and information permitted to be excluded pursuant to Rule 15c2-12 as to which no representation is made (except as provided in subsection (o) below)) did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, except as otherwise provided in this Purchase Contract, the Authority makes no representations as to employment and economic data (including projections) obtained from third parties contained in the Financial Feasibility Report and the Preliminary Official Statement.

As of the date hereof and the Closing Date, the Official Statement (except for the information relating to DTC, the Book-Entry System, the forecasts included in the Financial Feasibility Report set forth in Appendix A of the Official Statement and in Table 24 in the forepart of the Official Statement, the information under the captions "UNDERWRITING" and "RELATED PARTIES" and Appendix G of the Official Statement as to which no representation is made (except as provided in subsection (o) below)) does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, except as otherwise provided in this Purchase Contract, the Authority makes no representations as to employment and economic data (including projections) obtained from third parties contained in the Financial Feasibility Report and the Official Statement.

(d) If between the date hereof and 25 days after the End of the Underwriting Period (as hereinafter defined) (i) any event shall occur or any fact or condition shall become known to the Authority which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Underwriters thereof, and (ii) in the reasonable opinion of the Authority or the Representative, following consultation with the other party hereto, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will at its expense supplement or amend the Official Statement.

As used herein, and for the purposes of the foregoing, the term **"End of the Underwriting Period"** shall mean the later of (i) the Closing Date or (ii) the date on which the End of the Underwriting Period for the Series 2023 Bonds has occurred under Rule 15c2-12; provided, however, that the Authority may assume that, unless notified otherwise in writing by the Representative on or before the Closing Date, the End of the Underwriting Period for the Series 2023 Bonds will occur on the Closing Date.

For the purposes of this subsection (d), between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2023 Bonds, the Authority will furnish such information with respect to itself and the Airport as the Underwriters may from time to time reasonably request.

(e) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Between the date hereof and the Closing Date, except as contemplated by the Official Statement, the Authority will not without the prior written consent of the Representative offer or issue any bonds, notes or other obligations for borrowed money, or, except for its Subordinate Revolving Obligations or in the ordinary course of business incur any other material liabilities, direct or contingent, in each case payable from Net Revenues.

(g) The Authority is not in violation of, or in material breach of or in material default under, any applicable constitutional provision, law or administrative regulation or order of the State of California or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the Authority is a party or to which the Authority or any of its properties is otherwise bound, and no event has occurred to the knowledge of the Authority and is continuing which, with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any such instrument, in any such event which violation or breach would have a material adverse effect on the ability of the Authority to repay the Series 2023 Bonds or on the security therefor; and the execution and delivery of this Purchase Contract, the Fifth Supplemental Indenture, the Continuing Disclosure Certificate, the Tender Documents and the Series 2023 Bonds, the adoption of the Bond Resolution, and compliance with the provisions of this Purchase Contract, the Indenture, the Continuing Disclosure Certificate, the Tender Documents, the Bond Resolution and the Series 2023 Bonds do not conflict with or constitute a material breach of or material default under any California constitutional provision, law, administrative regulation, order, judgment, court decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the Authority is a party, or by which it or any of its properties are bound, nor does any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its properties or under the terms of any such law, regulation or instrument, except as provided by the Series 2023 Bonds or except to the extent that such breach, or the creation or imposition of such lien or charge, would not have a material adverse effect on the security for the Series 2023 Bonds.

(h) Except as expressly set forth in the Official Statement, there is no action, suit, proceeding, hearing, inquiry or investigation, at law or in equity, before or by any California or Federal court, government agency, public board or body, pending or, to the best of the Authority's knowledge, threatened against the Authority (i) in any way questioning the existence of the Authority or the titles of the officers of the Authority to their respective offices in which an adverse decision would affect the Board's adoption of the Bond Resolution or its approval of this Purchase Contract, the Fifth Supplemental Indenture, the Continuing Disclosure Certificate, the Tender Documents, the Preliminary Official Statement, the Official Statement or the Series 2023 Bonds; (ii) in any way contesting, affecting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Series 2023 Bonds, or the collection of revenues pledged to pay the principal of and interest on the Series 2023 Bonds, or the pledge of such revenues, or the application of the proceeds of the Series 2023 Bonds; (iii) affecting or seeking to prohibit, restrain or enjoin the imposition, collection or use of the PFCs for the payment of debt service as described in the Preliminary Official Statement and in the Official Statement; (iv) in any way contesting or affecting the validity or enforceability of the Series 2023 Bonds, the Indenture, the Continuing Disclosure Certificate, the Tender Documents or this Purchase Contract, or contesting the powers of the Authority or any authority for the issuance of the Series 2023 Bonds, the adoption of the Bond Resolution, or the execution and delivery by the Authority of, the Fifth Supplemental Indenture, this Purchase Contract, the Tender Documents or the Continuing Disclosure Certificate; (v) which may result in any material adverse change relating to the business, operations or financial condition of the Authority or the ability of the Authority to pay the Series 2023 Bonds; or (vi) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Authority shall advise the Representative promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Series 2023 Bonds.

(i) The Authority will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the Authority in cooperation with the Underwriters as may be reasonably requested (i) to qualify the Series 2023 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Underwriters; and (ii) to determine the eligibility of the Series 2023 Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Series 2023 Bonds; provided, however, that the Authority shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(j) The Series 2023 Bonds, when issued and delivered in accordance with the Bond Resolution and the Indenture and sold to the Underwriters as provided herein, will be the legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles whether or not sought, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against local government entities in the State of California, and (subject to the immediately preceding limitations) the owners of the Series 2023 Bonds will be entitled to the benefits of the Indenture; upon such issuance and delivery the Indenture will provide, for the benefit of the owners from time-to-time of the Series 2023 Bonds, a legally valid and binding pledge of and lien on the Net Revenues and the funds and accounts pledged to such Series 2023 Bonds under the Indenture. The Series 2023 Bonds and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(k) When executed, this Purchase Contract, the Indenture, the Tender Documents and the Continuing Disclosure Certificate (assuming due authorization, execution and delivery by the other parties thereto, if applicable) will constitute the valid and legally binding obligations of the Authority, enforceable in accordance with their terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles whether or not sought, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against local government entities in the State of California.

(l) All authorizations, approvals, licenses, permits, consents and orders of any federal or California governmental authority, legislative body, board, court, agency or commission having jurisdiction of the matter, or of any airline or tenant of the Authority, which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Authority of, its respective obligations under this Purchase Contract, the Tender Documents, the Continuing Disclosure Certificate, the Indenture and the Series 2023 Bonds, have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2023 Bonds.

(m) The Authority's Financial Statements set forth as Appendix B to the Preliminary Official Statement and the Official Statement and the financial information regarding the Authority included in Table 16 of the Preliminary Official Statement and the Official Statement fairly present the financial position of the Authority as of the dates indicated and the results of its operations, the sources and uses of its cash and the changes in its fund balances for the periods therein specified to the extent included therein, and are in conformity with generally accepted accounting principles applied on a consistent basis, and there has been no material adverse change in the financial condition or results of operations of the Authority since the date thereof.

(n) The Authority has the right, power and authority to conduct its business and operations with respect to the Airport as described in the Preliminary Official Statement and the Official Statement.

(o) The forecasts included in the Financial Feasibility Report set forth in Appendix A of the Preliminary Official Statement and the Official Statement and in Table 24 in the forepart of the Preliminary Official Statement and the Official Statement are based on information and assumptions that were provided by and/or reviewed with and agreed to by Authority management. The forecasts reflect Authority management's expected course of action during the forecast period, and in Authority management's judgment, present fairly the expected financial results of the Authority.

(p) The Authority is in compliance with all conditions, and has obtained all approvals and consents, necessary for the imposition and use of PFCs, as set forth in the Preliminary Official Statement and the Official Statement, including paying a portion of the debt service on the PFC Eligible Bonds.

(q) Any certificate signed by any authorized official of the Authority and delivered to the Underwriters shall be deemed to be a representation and warranty by the Authority to the Underwriters as to the statements made therein.

(r) The Authority will undertake, pursuant to the Continuing Disclosure Certificate, to provide certain annual financial and operating information and notices of the occurrence of certain enumerated events pursuant to Section (b)(5) of Rule 15c2-12. Except as otherwise described under the caption "CONTINUING DISCLOSURE" in the Preliminary Official Statement and the Official Statement, for the last five years, the Authority has been, and is now, in compliance with all of its continuing disclosure obligations under Rule 15c2-12.

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

(t) The Authority, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has it been in default with respect to, any bonds, notes, or other obligations payable from Net Revenues or Subordinate Net Revenues which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

5. **Offering; Representation of the Underwriters**.

(a) It shall be a condition to the Authority's obligations to sell and to deliver the Series 2023 Bonds to the Underwriters and to the Underwriters' obligations to purchase and to accept delivery of the Series 2023 Bonds that the entire $____________ principal amount of the Series 2023 Bonds shall be issued, sold and delivered by the Authority and purchased, accepted and paid for by the Underwriters on the Closing Date.

(b) The Underwriters intend to make an initial bona fide public offering of all of the Series 2023 Bonds at prices not in excess of the initial public offering prices or at yields not lower than the yields described in Schedule I hereto; provided, however, the Underwriters reserve the right to change such initial public offering prices as the Underwriters deem necessary or desirable, in their sole discretion, in connection with the marketing of the Series 2023 Bonds (but, with respect to the Series 2023 Bonds, in all cases subject to the requirements of Section 6 hereof), and may offer and sell the Series 2023 Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by one or more of the Underwriters at prices lower than the public offering prices or yields greater than the yields set forth in Schedule I hereto (but, with respect to the Series 2023 Bonds, in all cases subject to the requirements of Section 6 hereof).

(c) The Representative is authorized to enter into this Purchase Contract on behalf of the Underwriters and this Purchase Contract is enforceable against the Underwriters in accordance with its terms. The Representative is authorized to take any action under this Purchase Contract required to be taken by the Underwriters. The signatory of this Purchase Contract on behalf of the Representative has been duly authorized to execute this Purchase Contract.

6. **Establishment of Issue Price**.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Authority in establishing the issue price of the Series 2023 Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit D, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Authority and Bond Counsel (as defined below), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2023 Bonds.

(b) [Except for the Hold-the-Price Maturities described in subsection (c) below and Schedule I attached hereto] the Authority will treat the first price at which 10% of each maturity of the Series 2023 Bonds (the "**10% test**") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

[(c) With respect to the maturities of the Series 2023 Bonds that are not 10% Test Maturities, as described in Schedule I attached hereto (the "***Hold-the-Price Maturities***"), the Representative confirms that the Underwriters have offered such maturities of the Series 2023 Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the "***initial offering price***"), or at the corresponding yield or yields, set forth in Schedule I attached hereto. The Authority and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply to the Hold-the-Price Maturities, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "***hold-the-offering-price rule***"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Hold-the-Price Maturities, the Underwriters will neither offer nor sell such maturity of the Hold-the-Price Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5^{th}) business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

The Representative shall advise the Authority promptly after the close of the fifth (5^{th}) business day after the sale date whether it has sold 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.]

(d) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Series 2023 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Series 2023 Bonds of each maturity allocated to it until either all Series 2023 Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Series 2023 Bonds of that maturity and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of Series 2023 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2023 Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2023 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2023 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to: (A) report the prices at which it sells to the public the unsold Series 2023 Bonds of each maturity allocated to it until either all Series 2023 Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such underwriter or dealer that the 10% test has been satisfied as to the Series 2023 Bonds of that maturity and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the underwriter or the dealer and as set forth in the related pricing wires.

(e) The Authority acknowledges that, in making the representations set forth in this subsection, the Representative will rely on: (i) the agreement of each underwriter to comply with the requirements for establishing the issue price of the Series 2023 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2023 Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2023 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2023 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2023 Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2023 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Series 2023 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2023 Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement to adhere to the requirements for establishing issue price of the Series 2023 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2023 Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Series 2023 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2023 Bonds.

The Underwriters acknowledge that sales of any Series 2023 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2023 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "*public*" means any person other than an underwriter or a related party,

(ii) "*underwriter*" means: (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2023 Bonds to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2023 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2023 Bonds to the public),

(iii) a purchaser of any of the Series 2023 Bonds is a "*related party*" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "*sale date*" means the date of execution of this Purchase Contract by all parties.

7. **Closing.** At 8:00 a.m., California time, on October [__], 2023 or at such other time as shall have been mutually agreed upon by the Authority and the Representative (the **"Closing Date"),** the Authority will deliver or cause to be delivered to the Representative, under the Fast Automated Securities Transfer System of The Depository Trust Company **("DTC"),** the Series 2023 Bonds, in the form of a separate single fully registered bond for each Series, maturity date and interest rate of the Series 2023 Bonds duly executed by the Authority and authenticated by the Trustee, together with the other documents hereinafter mentioned. The Representative will accept such delivery and pay the Purchase Price of the Series 2023 Bonds as set forth in Section I hereof

by wire transfer in immediately available funds on the Closing Date. The Series 2023 Bonds shall be made available to the Trustee and the Representative not later than one business day before the Closing Date. Upon initial issuance, the ownership of such Series 2023 Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC.

Payment for the Series 2023 Bonds, together with delivery of the documents hereinafter mentioned shall be coordinated at the offices of the Authority in San Diego, California, or at such other place as shall have been mutually agreed upon by the Authority and the Representative. Such payment and delivery are herein called the "**Closing**." The Representative shall order CUSIP identification numbers and the Authority shall cause such CUSIP identification numbers to be printed on the Series 2023 Bonds, but neither the failure to print such number on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Representative to accept delivery of and pay for the Series 2023 Bonds on the Closing Date in accordance with the terms of this Purchase Contract.

8. **Closing Conditions**. The obligations of the Underwriters hereunder shall be subject to the performance by the Authority of its obligations hereunder at or prior to the Closing and are also subject to the following conditions:

(a) The representations and warranties of the Authority contained herein shall be true, complete and correct in all material respects on the date hereof and on the Closing Date as if made on the Closing Date.

(b) At the time of the Closing (i) this Purchase Contract, the Bond Resolution, the Indenture, the Continuing Disclosure Certificate and the Tender Documents shall be in full force and effect as valid and binding agreements, as applicable, between the parties thereto and the Official Statement shall have been duly authorized, executed and delivered, in substantially the form heretofore submitted to the Underwriters, and the Indenture, the Continuing Disclosure Certificate, the Tender Documents, the Bond Resolution and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative (subject to the provisions of this Purchase Contract), and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated hereby; (ii) the Authority shall perform or have performed its obligations required under or specified in this Purchase Contract, the Bond Resolution, the Continuing Disclosure Certificate, the Tender Documents and the Indenture to be performed at or prior to the Closing; and (iii) there shall have been no material adverse change in the financial or physical condition of the Authority or its properties.

(c) At or prior to the Closing, the Underwriters shall receive the following documents, in each case reasonably satisfactory in form and substance to the Representative and to its counsel, Squire Patton Boggs (US) LLP ("**Underwriters' Counsel**"):

(i) the unqualified approving opinion of Kutak Rock LLP ("**Bond Counsel**"), dated the Closing Date, addressed to the Authority, substantially in the form set forth as Appendix E to the Official Statement, together with a letter to the Underwriters stating that the Underwriters may rely on the same;

(ii) a supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that: (A) this Purchase Contract, the Continuing Disclosure Certificate and the Tender Documents have been duly executed and delivered by the Authority and, assuming the due authorization, execution and delivery by the other party thereto, as applicable, constitute the binding and enforceable agreements of the Authority; (B) the Series 2023 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), and the Indenture is exempt from qualification under to the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**"); and (C) the statements contained in the Official Statement under the captions "DESCRIPTION OF THE SENIOR SERIES 2023 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2023 BONDS," "TAX MATTERS," "APPENDIX C-1—CERTAIN DEFINITIONS," "APPENDIX C-2—SUMMARY OF THE MASTER SENIOR INDENTURE," "APPENDIX C-3—SUMMARY OF THE FIFTH SUPPLEMENTAL SENIOR INDENTURE," and "APPENDIX C-4—SUMMARY OF THE MASTER SUBORDINATE INDENTURE," excluding any materials that may be treated as included under such captions by cross reference, insofar as such statements expressly summarize certain provisions of the Indenture, the Series 2023 Bonds and Bond Counsel's opinion concerning federal tax matters relating to the Series 2023 Bonds, are accurate in all material respects;

(iii) a letter from Kutak Rock LLP, Disclosure Counsel to the Authority ("**Disclosure Counsel**"), dated the Closing Date and addressed to the Authority and the Underwriters, substantially in the form attached as Exhibit A to this Purchase Contract;

(iv) an opinion, dated the Closing Date and addressed to the Underwriters, of the General Counsel to the Authority, substantially in the form attached as Exhibit B to this Purchase Contract;

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

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

(A) the Trustee is a national banking association organized and existing under the laws of the United States of America, having full power and being qualified to enter, accept and administer the trust created under the Indenture and to authenticate and deliver the Series 2023 Bonds;

(B) the Series 2023 Bonds have been duly authenticated by the Trustee in accordance with the Indenture, and the Fifth Supplemental Indenture has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the Authority, the Indenture constitutes a legal, valid and binding obligation of the Trustee enforceable in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(C) the execution, delivery and performance of the Indenture will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(D) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Indenture or the authentication of the Series 2023 Bonds by the Trustee; and

(E) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Series 2023 Bonds or the application of proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the Series 2023 Bonds or the Indenture.

(vii) a certificate, dated the Closing Date, of the Authority executed by the President and CEO and one other Designated Officer (as defined in the Bond Resolution), to the effect that (A) the representations and warranties of the Authority in this Purchase Contract are true and correct as of the Closing Date, as if made on the Closing Date; (B) the representations and warranties of the Authority contained in the Indenture were true as of the date originally made and are true and correct as of the Closing Date, as if made on the Closing Date; (C) the Authority has complied with all agreements and covenants and satisfied all conditions contemplated by this Purchase Contract, the Bond Resolution, the Indenture and the Tender Documents on its part to be performed or satisfied at or prior to the Closing Date; (D) the Official Statement (except for the information relating to DTC, the Book-Entry System, the forecasts included in the Financial Feasibility Report set forth in Appendix A of the Official Statement and in Table 24 in the forepart of the Official Statement, the information under the captions "UNDERWRITING" and "RELATED PARTIES" and Appendix G as to which no view need be expressed (except as provided in (E) below)) as of its date and as of the Closing Date did not and does not contain any untrue statement of a material fact or omit any statement or information which is required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided that, except as otherwise provided in this Purchase Contract, the Authority makes no representations as to employment and economic data (including projections) obtained from third parties contained in the Financial Feasibility Report and the Official Statement; and (E) the forecasts included in the Financial Feasibility Report set forth in Appendix A of the Official Statement and in Table 24 in the forepart of the Official Statement (1) are based on information and assumptions that were provided by and/or reviewed with and agreed to by Authority management, and (2) reflect Authority management's expected course of action during the forecast period, and in Authority management's judgment, present fairly the expected financial results of the Authority;

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

(A) the Trustee is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into, accept the trusts created under and perform its duties under the Indenture and to authenticate the Series 2023 Bonds;

(B) the Trustee was and is duly authorized to enter into the Indenture and to authenticate and deliver the Series 2023 Bonds to the Underwriters pursuant to the terms of the Indenture;

(C) The Series 2023 Bonds have been duly authenticated by the Trustee;

(D) the execution and delivery by the Trustee of the Fifth Supplemental Indenture and compliance with the terms of the Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or blue sky laws or regulations), nor will any such execution, delivery or compliance result in the creation or imposition of a lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(E) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best of the knowledge of the Trustee, threatened against or affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Series 2023 Bonds, the Indenture or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect the Trustee or the transactions contemplated in connection with the issuance and sale of the Series 2023 Bonds, or which, in any way, would adversely affect the validity of the Series 2023 Bonds, the Indenture or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the Indenture or the consummation of the transactions contemplated in connection with the issuance and sale of the Series 2023 Bonds; and

(F) subject to the provisions of the Fifth Supplemental Indenture, the Trustee will apply the proceeds from the Series 2023 Bonds to the purposes specified in the Fifth Supplemental Indenture;

(ix) a certified copy of the Bond Resolution;

(x) a certified copy of the Master Indenture, as heretofore amended;

(xi) an executed copy of the Fifth Supplemental Indenture;

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

(xiii) executed copies of the Tender Documents (including the Final Notice of Acceptance of Tendered Bonds);

(xiv) a duly executed tax certificate of the Authority with respect to the Series 2023 Bonds in form satisfactory to Bond Counsel;

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

(xvi) an executed copy of the Financial Feasibility Report, together with the consent and certificate of Unison Consulting, Inc. (the "**Feasibility Consultant**") substantially in the form of Exhibit C attached hereto;

(xvii) a DTC Letter of Representation, executed by the Authority and accepted by DTC;

(xviii) evidence satisfactory to the Representative that Fitch Ratings **("Fitch")**, and Moody's Investors Service, Inc **("Moody's")** have assigned ratings of "**__**" and "**__**," respectively, to the Series 2023 Bonds;

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

(xx) evidence that a Form 8038-G and Form 8038 relating to the Series 2023 Bonds have been executed by the Authority and will be filed with the Internal Revenue Service within the applicable time limit; and

(xxi) such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing of the representations and warranties of the Authority contained in this Purchase Contract and the due performance or satisfaction by the Authority at or prior to such time of all covenants and agreements then to be performed and all conditions then to be satisfied by the Authority pursuant to this Purchase Contract.

(d) If on the Closing Date the Authority fails to deliver any of the certificates, documents or opinions listed in Section 8(c) hereof or is otherwise unable to satisfy the conditions to the obligations of the Underwriters hereunder, this Purchase Contract shall terminate at the option of the Representative and neither party shall have any further obligations hereunder.

9. **Termination.**

The Representative, on behalf of the Underwriters, may terminate this Purchase Contract, without liability therefor (evidenced by a written notice to the Authority terminating the obligation of the Underwriters to accept delivery of and make any payment for the Series 2023 Bonds and stating the reasons therefor), if at any time subsequent to the date of this Purchase Contract and prior to the Closing:

(a) There shall occur any of the following which in such case, in the reasonable opinion of the Representative will materially adversely affect (1) the marketability or the market price of the Series 2023 Bonds at the initial offering prices set forth in the Official Statement or (2) the ability of the Underwriters to enforce contracts for the sale of the Series 2023 Bonds:

(i) there shall occur any change, or any development involving a prospective change, in or affecting the business, properties or financial condition of the Authority;

(ii) An amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been enacted by the Congress of the United States or the legislature of the State, or introduced by amendment or otherwise in or passed by either House of the Congress or the legislature of the State, or recommended or endorsed to the Congress or to the State for passage by the President of the United States, or favorably reported for passage to either House of the Congress of the United States by any committee of such House or the legislature of the State to which such legislation has been referred for consideration, or recommended or endorsed for passage or presented for consideration by any member of any such committee or by the Treasury Department of the United States, the Internal Revenue Service, or the staff of the Joint Committee on Taxation of the Congress, or a decision shall have been rendered by a court of the United States or of the State, or the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement shall have been made by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, with respect to federal taxation of interest received on the Series 2023 Bonds or securities of the general character of the Series 2023 Bonds or which would have the effect of changing, directly or indirectly, the federal or State tax consequences of receipt of interest on the Series 2023 Bonds or securities of the general character of the Series 2023 Bonds in the hands of the owners thereof;

(iii) there shall have occurred a declaration of war by the United States, any new outbreak of hostilities, or any escalation of existing hostilities, or any other national or international calamity, crisis, pandemic or event;

(iv) any underlying rating (without taking into account any credit support provided by a third party) of the Series 2023 Bonds, or any other bonds, notes or other obligations of the Authority shall have been downgraded, suspended or withdrawn, or the possibility of such a downgrading, suspension or withdrawal shall have been publicly announced, by Fitch or Moody's; or

(v) any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, board, department or agency of the State or the United States, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered, affecting the Authority or the Series 2023 Bonds.

(b) There shall have occurred the declaration of a general banking moratorium by any authority of the United States or the State of New York or the State or a major financial crisis (including a material disruption or deterioration in the fixed income or municipal securities market) or a material disruption in commercial banking or securities settlement, payment or clearance services materially affecting the Series 2023 Bonds.

(c) There shall be in force a general suspension of trading on the New York Stock Exchange or other national securities exchange, or the New York Stock Exchange, other national securities exchange or any governmental authority shall impose, as to the Series 2023 Bonds or obligations of the general character of the Series 2023 Bonds, any material restrictions not in force or not being enforced, or a material increase of those now in force, including, without limitation, with respect to the extension of credit by, or the charges to the net capital requirements of, the Underwriters as of the date hereof, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of any governmental authority having jurisdiction.

(d) An event occurs, or information becomes known, which, in the reasonable judgment of the Representative makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, in any such event, (i) the Authority refuses to permit the Official Statement to be supplemented to correct or supply such statement or information, or (ii) the effect of the Official Statement as so supplemented is, in the reasonable judgment of the Representative, to materially adversely affect the marketability or market price of the Series 2023 Bonds or the ability of the Underwriters to enforce contracts for the sale of the Series 2023 Bonds to customers.

(e) Legislation shall be enacted or a decision of a court of the United States shall be rendered or any action, including a stop-order, shall be taken by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter or any other event occurs which, in the opinion of counsel to the Underwriters and Bond Counsel, has the effect of requiring the contemplated distribution of the Series 2023 Bonds to be registered under the Securities Act or the Securities Exchange Act of 1934, as amended, or the Indenture to be qualified under the Trust Indenture Act, or that would make illegal the reoffering, issuance or sale of the Series 2023 Bonds or beneficial interests therein.

(f) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Series 2023 Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Authorizing Resolution, this Purchase Contract, the Fifth Supplemental Indenture, the Continuing Disclosure Certificate or the Tender Documents or the existence or powers of the Authority with respect to its obligations under such agreements.

10. **Expenses**.

(a) The Underwriters shall be under no obligation to pay and the Authority shall pay or cause to be paid the expenses incident to the performance of its obligations hereunder including but not limited to (i) the cost of the preparation, printing, or other reproduction (for distribution on or prior to the date hereof), and delivery of the Indenture; (ii) the fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Feasibility Consultant, the independent auditors, the Trustee, the Information and Tender Agent, and any other experts or consultants retained by the Authority; (iii) the cost of preparation and printing and signing of the Series 2023 Bonds and the registration of the Series 2023 Bonds; (iv) the cost of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement and any supplements or amendments thereto; (v) charges of rating agencies for the ratings of the Series 2023 Bonds; (vi) the out-of-pocket expenses (which may be included as an expense component of the Underwriters' discount) of travel and meals for Authority representatives and its advisors to attend pricing meetings, and transaction tokens, relating to the issuance of the Series 2023 Bonds, and (vii) all other costs connected to issuance of the Series 2023 Bonds, except costs specifically described in Section 10(b) below. To the extent such amounts are paid by any Underwriter and not otherwise reimbursed in-full by the Authority pursuant to this paragraph, the Authority acknowledges that a portion of the Underwriters' discount is intended to reimburse the Underwriters for the expenses listed above as well as incidental expenses (including, but not limited to, transportation, lodging and meals of Authority and Underwriter personnel) incurred by the Underwriters (on their own behalf and/or on behalf of Underwriter personnel and Authority personnel and advisors, as applicable) in connection with the consummation of the transaction contemplated by this Purchase Contract.

(b) The Underwriters shall pay (from the expense component of the Underwriters' discount) (i) the cost of preparation and printing of the Blue Sky memorandum to be used by them and the cost, if any, of printing of this Purchase Contract; (ii) all advertising expenses incurred by them in connection with the public offering of the Series 2023 Bonds; (iii) the fees and disbursements of Underwriters' Counsel; and (iv) all other expenses incurred by them in connection with their public offering and distribution of the Series 2023 Bonds. The Underwriters are required to pay fees to the California Debt and Investment Advisory Commission in connection with the offering of the Series 2023 Bonds. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the Authority agrees to reimburse the Underwriters for such fees.

11. **Notices**. Any notice or other communication to be given to the Authority under this Purchase Contract (other than the acceptance hereof as specified in Section 1 hereof) may be given by delivering the same in writing to the San Diego County Regional Airport Authority, 3225 North Harbor Drive, 3rd Floor, San Diego, California 92101, Attention: Vice President, Chief Financial Officer; any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to Jefferies LLC, 520 Madison Avenue, 6th Floor, New York, New York 10022, Attention: Stephanie Tomblin, stomblin@jefferies.com.

12. **Governing Law**. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of California.

13. **Parties in Interest**. This Purchase Contract when accepted by the Authority in writing as heretofore specified shall constitute the entire agreement between the Authority and the Underwriters and is made solely for the benefit of the Authority and the Underwriters. No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties

and agreements of the Authority in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriters, (b) delivery of and payment for the Series 2023 Bonds hereunder, and (c) any termination of this Purchase Contract.

14. **Use of Documents.** The Authority hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Series 2023 Bonds, this Purchase Contract, the Preliminary Official Statement, the Official Statement, the Indenture, the Continuing Disclosure Agreement and the Tender Documents, and the information contained herein and therein.

15. **Headings**. The headings of the Sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

16. **Effectiveness**. This Purchase Contract shall become effective upon the execution of the acceptance hereof by the Authority and shall be valid and enforceable at the time of such acceptance.

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

THE UNDERWRITERS:

JEFFERIES LLC
SAMUEL A. RAMIREZ & COMPANY INC.
ACADEMY SECURITIES, INC.
BOFA SECURITIES, INC.
MORGAN STANLEY & CO. LLC
RBC CAPITAL MARKETS, LLC
SIEBERT WILLIAMS SHANK & CO.LLC
STERN BROTHERS & CO.

By: JEFFERIES LLC, as Representative of the Underwriters

By____
Stephanie Tomblin
Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ____________________________________
Vice President, Chief Financial Officer

APPROVED AS TO FORM:

By ____________________________________
General Counsel
San Diego County Regional Airport Authority

[Signature page to Purchase Contract]

SCHEDULE I

$[Series A par]
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2023A
(Governmental/Non-AMT)
Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price

C Priced to par call on July 1, 20__.
* Term Bonds, subject to mandatory sinking fund redemption.
**10% Test Maturities
*** Hold-the-Price Maturities

$[Series B par]
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2023B
(Private Activity/AMT)
Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price

C Priced to par call on July 1, 20__.
* Term Bonds, subject to mandatory sinking fund redemption.
**10% Test Maturities
*** Hold-the-Price Maturities

REDEMPTION PROVISIONS

Optional Redemption.

The Series 2023 Bonds maturing on or before July 1, 20__ are not subject to optional redemption prior to maturity. The Series 2023 Bonds maturing on and after July 1, 20__ are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after ____________ 1, 20__, at a redemption price equal to 100% of the principal amount of the Series 2023 Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption.

The Series 2023A Bonds maturing on July 1, 20__ (the "**Series 2023A Term Bonds (20__)**") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

The Series 2023A Bonds maturing on July 1, 20__ (the "**Series 2023A Term Bonds (20__)**," and together with the Series 2023A Term Bonds (20__), the "**Series 2023A Term Bonds**") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

The Series 2023B Bonds maturing on July 1, 20__ (the "**Series 2023B Term Bonds (20__)**") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

The Series 2023B Bonds maturing on July 1, 20__ (the "**Series 2023B Term Bonds (20__)**," and together with the Series 2023B Term Bonds (20__, the "**Series 2023B Term Bonds**") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	**Principal Amount**

† Final Maturity.

EXHIBIT A

FORM OF DISCLOSURE COUNSEL'S NEGATIVE ASSURANCE LETTER

[To be provided by Disclosure Counsel]

EXHIBIT B

FORM OF OPINION OF THE GENERAL COUNSEL OF THE AUTHORITY

_______ __, 2023

San Diego County Regional Airport Authority
San Diego, California

Jefferies LLC, as Representative of the Underwriters
New York, New York

Re: San Diego County Regional Airport Authority
Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT)
Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT)

Ladies and Gentlemen:

I am General Counsel to the San Diego County Regional Airport Authority (the "Authority") and have served as such in connection with the issuance, sale and delivery of its (a) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the "Series 2023A Bonds") and (b) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the "Series 2023B Bonds," and together with the Series 2023A Bonds, the "Series 2023 Bonds"). The Series 2023 Bonds are being issued pursuant to the San Diego County Regional Airport Authority Act (Section 170000 et seq. of the California Public Utilities Code) (the "Act"); the Revenue Bond Law of 1941 Chapter 6 (commencing with Section 54300) of Part l of Division 2 of Title *5* of the California Government Code, excluding Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title *5* of the California Government Code and the limitations set forth in California Government Code Section 54402(b), which do not apply to the issuance and sale of bonds pursuant to the Act; the Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and the Fifth Supplemental Trust Indenture, dated as of October 1, 2023 (the "Fifth Supplemental Indenture," and together with the Master Indenture, the "Indenture"), by and between the Authority and the Trustee.

In connection with such advice, I have examined copies of the Indenture; the Purchase Contract, dated [October __, 2023] (the "Purchase Contract"), between Jefferies LLC, as Representative of the Underwriters, and the Authority; the Continuing Disclosure Certificate, dated [October __, 2023] (the "Disclosure Certificate"), executed by the Authority; the Tender Documents (as defined in the Purchase Contract); the Tax Compliance Certificate, dated [October __, 2023], with respect to the Series 2023 Bonds (the "Tax Certificate") executed by the Authority; and copies of the Preliminary Official Statement, dated [_______ _, 2023] with respect to the Series 2023 Bonds (the "Preliminary Official Statement") and the Official Statement, dated [October __, 2023], with respect to the Series 2023 Bonds (the "Official Statement"). The Indenture, the Purchase Contract, the Disclosure Certificate, the Tender Documents and the Tax

Certificate are collectively referred to herein as the "Legal Documents." Additionally, I have reviewed a certified copy of Resolution No. 2023-[____], adopted by the board of directors of the Authority (the "Board") on [September 7, 2023] the "Bond Resolution''). In connection with the delivery of the opinion in numbered paragraph 3 below, I have reviewed my records and consulted with the other attorneys in my office, the President and CEO, and the Vice President, Chief Financial Officer.

All capitalized terms not defined herein shall have the respective meanings ascribed thereto in the Purchase Contract.

Based upon such examination and considerations of law and fact as I have deemed necessary for the purpose of the opinions expressed herein, I am of the opinion that:

1. The Authority is a local governmental entity of regional government duly organized, validly existing and in good standing under the Act and the laws of the State of California. The Authority has all requisite power and authority to (a) adopt the Bond Resolution and enter into, execute, deliver and perform its covenants and agreements under the Legal Documents, (b) to approve and authorize the use, execution and distribution of the Preliminary Official Statement and the Official Statement, (c) to issue, sell, execute and deliver the Series 2023 Bonds, (d) to pledge the Net Revenues as contemplated by the Legal Documents, and (e) to carry on its activities as currently conducted.

2. The Bond Resolution was duly adopted at a meeting of the Board which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

3. Except as disclosed in the Preliminary Official Statement and the Official Statement, to the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, threatened against or affecting the Authority, which would materially and adversely impact the Authority's ability to complete the transactions described in and contemplated by the Preliminary Official Statement and the Official Statement, to restrain or enjoin the payments of debt service on the Series 2023 Bonds from Net Revenues (as defined in the Indenture) or the collection of the Net Revenues, in any way contesting or affecting the validity of the Legal Documents, the Bond Resolution or the Series 2023 Bonds, or contesting in any way the completeness or accuracy of the Official Statement.

4. The execution and delivery of the Fifth Supplemental Indenture, the Purchase Contract, the Disclosure Certificate, the Tender Documents and the Tax Certificate, the adoption of the Bond Resolution and the approval of the Preliminary Official Statement and the Official Statement, and compliance with the provisions of the Legal Documents, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach· of or default under any agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Authority is subject.

5. The Legal Documents, have been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the other parties thereto

constitute legal, valid and binding agreements of the Authority enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against local government entities in the State of California.

6. No authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California, other than the Board (which has been obtained), is required for the valid authorization, execution and delivery of the Legal Documents, and the approval and distribution of the Preliminary Official Statement and the Official Statement (provided that no opinion is given as to any action required under state securities or Blue Sky laws in connection with the purchase of the Series 2023 Bonds by the Underwriters).

7. Based upon examinations which I have made and my discussions in conferences with certain officials of the Authority and others with respect to the Preliminary Official Statement and the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement (including the Appendices attached thereto), nothing has come to my attention which would lead me to believe that the Preliminary Official Statement as of its date and as of [October __, 2023] or the Official Statement as of its date and as of the date hereof (other than financial and statistical data therein and incorporated therein by reference, and other than information relating to DTC, the Book-Entry System, information provided by the Underwriters or the Feasibility Consultant for inclusion in the Preliminary Official Statement and the Official Statement, the information included in Appendix G to the Preliminary Official Statement and the Official Statement, or with respect to the Preliminary Official Statement, information permitted to be omitted therefrom under Securities Exchange Commission Rule 15c2-12, as to which no opinion is expressed) contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This opinion is given in an official capacity and not personally and no personal liability shall derive therefrom.

The use of the term "to the best of my knowledge" or similar phrases to qualify a statement in this Opinion means I do not have current actual knowledge that the statement is inaccurate. ·

This letter is for the sole benefit of the addressees in connection with the sale of the Series 2023 Bonds and is not to be used, circulated, quoted or otherwise referred to for any purpose. No other person may rely on this letter without my prior written consent. I do not undertake, and expressly disclaim, any obligation to amend or supplement this opinion as facts and circumstances come to my attention, or changes in law occur, after the date hereof which could affect such opinion.

Very truly yours,

EXHIBIT C

FORM OF CERTIFICATE OF THE FEASIBILITY CONSULTANT

The undersigned authorized representative of Unison Consulting, Inc. (the "Feasibility Consultant") hereby certifies that:

1. This Certificate is furnished pursuant to Section 8(c)(xvi) of the Purchase Contract, dated [October __, 2023] by and between Jefferies LLC, as representative of the underwriters named therein (the "Underwriters"), and the San Diego County Regional Airport Authority (the ‘‘Authority"), relating to the sale by the Authority of $[Series A par] aggregate principal amount of its San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the "Series 2023A Bonds") and $[Series B par] aggregate principal amount of its San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the "Series 2023B Bonds," and together with the Series 2023A Bonds, the "Series 2023 Bonds"), as more fully described in the Preliminary Official Statement, dated [September __, 2023], with respect to the Series 2023 Bonds (the "Preliminary Official Statement") and the Official Statement, dated [October __, 2023], with respect to the Series 2023 Bonds (the "Official Statement").

2. The Feasibility Consultant has been retained by the Authority as its independent consultant to prepare the Financial Feasibility Report, dated [September __, 2023] (the "Report"), included as Appendix A to the Preliminary Official Statement and the Official Statement, and consent is hereby given to all references to the Feasibility Consultant and the Report in the Preliminary Official Statement and in the Official Statement, including on the masthead page and under the captions "INTRODUCTION-Financial Feasibility Report," "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2023 BONDS," "FINANCIAL FEASIBILITY REPORT" and "CERTAIN INVESTMENT CONSIDERATIONS-Financial Feasibility Report" in the Preliminary Official Statement and the Official Statement and to the inclusion of the Report in Appendix A to the Preliminary Official Statement and the Official Statement.

3. In connection with the preparation of the Report, personnel for the Feasibility Consultant have participated in certain meetings and conference calls with representatives of the Authority, the Authority's Bond Counsel and Disclosure Counsel, the Authority's Municipal Advisor, the Underwriters for the Series 2023 Bonds and their counsel with respect to the issuance of the Series 2023 Bonds. Nothing has come to the attention of the Feasibility Consultant in relation to the preparation of the Report that would cause them to believe the Report was, as of its date or as of the date hereof, or any of the statements in the Preliminary Official Statement and the Official Statement specifically attributed to the Feasibility Consultant were, as of the date of the Preliminary Official Statement or as of the date of the Official Statement, or as of the date hereof, inaccurate in any material respect.

4. This Certificate is solely for the information of, and assistance to, the Authority, its Disclosure Counsel and the Underwriters in conducting and documenting their investigation of the matters covered by the Report in connection with the offering pursuant to the Preliminary Official Statement and the Official Statement of the Series 2023 Bonds, and is not to be used, circulated,

quoted or otherwise referred to within or without the underwriting group for any other purpose, including but not limited to the purchase or sale of securities (other than the Series 2023 Bonds), nor is it to be referred to in whole or in part in any other document (other than the Preliminary Official Statement of the Official Statement), except that reference may be made to it in the documents related to the Series 2023 Bonds. The Feasibility Consultant acknowledges and agrees that this Certificate will become part of the transcript related to the Series 2023 Bonds and will be publicly available.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of [October], 2023.

UNISON CONSULTING, INC.

By:______________________________

Title: ____________________________

EXHIBIT D

FORM OF ISSUE PRICE CERTIFICATE
(Representative)

$[Series A par]
San Diego County
Regional Airport Authority
Senior Airport Revenue Bonds
Series 2023A
(Governmental/Non-AMT)

$[Series B par]
San Diego County
Regional Airport Authority
Senior Airport Revenue Bonds
Series 2023B
(Private Activity/AMT)

The undersigned, on behalf of Jefferies LLC (the "Representative"), on behalf of itself and Samuel A. Ramirez & Company Inc., Academy Securities, Inc., BofA Securities, Inc., Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC, and Stern Brothers & Co. (collectively, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Series 2023 Bonds").

1. ***Sale of the 10% Test Maturities***. As of the date of this certificate, for each Maturity of the Series 2023 Bonds listed as a "10% Test Maturity" in Schedule A attached hereto, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A attached hereto.

[2. ***Initial Offering Price of the Hold-the-Price Maturities***.

(a) The Underwriting Group offered the "Hold-the-Price Maturities" (as listed in Schedule A attached hereto) to the Public for purchase at the respective initial offering prices listed in Schedule A attached hereto (the "Initial Offering Prices") on or before the Sale Date.

(b) With respect to the Hold-the-Price Maturities, as agreed to in writing by the Representative in the Purchase Contract, dated October__, 2023, between the Representative and the Authority, the Representative has not offered or sold any of the Hold-the-Price Maturities to any person at a price that is higher than or a yield lower than the respective Initial Offering Prices for such Maturities of the Series 2023 Bonds during the Holding Period.]

3. ***Pricing Wire or Equivalent Communication***. A copy of the pricing wire or equivalent communication for the Series 2023 Bonds is attached to this certificate as Schedule B.

4. ***Establishment of Reserve Fund***. The establishment of the Reserve Fund (as defined in the hereinafter defined Tax Compliance Certificate), at the level of funding described in Section ___ of the Tax Compliance Certificate, in the best judgment of the undersigned, was reasonably required to market the Series 2023 Bonds at the prices and yields listed in Schedule A attached hereto and is reasonable and customary in marketing obligations of the same general type as the Series 2023 Bonds.

5. ***Defined Terms***.

(a) *10% Test Maturities* means those Maturities of the Series 2023 Bonds listed in Schedule A hereto as the "10% Test Maturities."

(b) *Authority* means the San Diego County Regional Airport Authority.

(c) *Hold-the-Price Maturities* means those Maturities of the Series 2023 Bonds listed in Schedule A hereto as the "Hold-the-Price Maturities."

(d) *Holding Period* means, with respect to a Hold-the-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which at least 10% of such Hold-the-Price Maturity was sold to the Public at prices that are no higher than or yields that are no lower than the Initial Offering Price for such Hold-the-Price Maturity.

(e) *Maturity* means Series 2023 Bonds with the same credit and payment terms. Series 2023 Bonds with different maturity dates, or Series 2023 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(g) *Related Party*. A purchaser of any Series 2023 Bonds is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(h) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2023 Bonds. The Sale Date of the Series 2023 Bonds is October __, 2023.

(i) *Tax Compliance Certificate* means the Tax Compliance Certificate, dated October __, 2023, executed and delivered by the Authority in connection with the issuance of the Series 2023 Bonds.

(j) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2023 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2023 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2023 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2023 Bonds, and by Kutak Rock LLP, as Bond Counsel to the Authority, in connection with rendering its opinion that the interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Forms 8038 and 8038-G, and other federal income tax advice that it may give to the Authority from time to time relating to the Series 2023 Bonds. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

JEFFERIES LLC, as Representative of the Underwriting Group

By ____
Authorized Representative

Dated: October ___, 2023

SCHEDULE A

SALE PRICES OF THE 10% TEST MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-PRICE MATURITIES

$__________
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2023A
(Governmental/Non-AMT)

Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price

C Priced to par call on July 1, 20__.
* Term Bonds, subject to mandatory sinking fund redemption.
** 10% Test Maturities
*** Hold-the-Price Maturities

$__________

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2023B
(Private Activity/Non-AMT)

<u>Maturity Schedule</u>

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price

C Priced to par call on July 1, 20__.
* Term Bonds, subject to mandatory sinking fund redemption.
** 10% Test Maturities
*** Hold-the-Price Maturities

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached*)

EXHIBIT E

ISSUE PRICE CERTIFICATE
(Group Member)

[To be used only if there are Hold-the-Price-Maturities]

$[A PAR]
San Diego County
Regional Airport Authority
Senior Airport Revenue Bonds
Series 2023A
(Governmental/Non-AMT)

$[B PAR]
San Diego County
Regional Airport Authority
Senior Airport Revenue Bonds
Series 2023B
(Private Activity/AMT)

1. [The undersigned [Academy Securities, Inc./BofA Securities, Inc./Morgan Stanley & Co. LLC/RBC Capital Markets, LLC/Samuel A. Ramirez & Co., Inc./ Siebert Williams Shank & Co., LLC/Stern Brothers & Co.] (the "Group Member"), has acted as an underwriter pursuant to the Purchase Contract, dated October ___, 2023 (the "Purchase Contract"), between Jefferies LLC (the "Representative"), on behalf of itself, the Group Member and [Academy Securities, Inc./BofA Securities, Inc./Morgan Stanley & Co. LLC/RBC Capital Markets, LLC/Samuel A. Ramirez & Co., Inc./ Siebert Williams Shank & Co., LLC/Stern Brothers & Co.], and the San Diego County Regional Airport Authority (the "Authority"), in connection with the sale and issuance of the above-captioned obligations (the "Series 2023 Bonds").

2. The Series 2023 Bonds are being issued on the date hereof, and the Group Member understands that the Representative has made certain representations to the Authority with respect to the offering and sale of the Series 2023 Bonds. With respect to the Group Member's offering and sale of the Series 2023 Bonds, the Group Member hereby certifies and represents that, with respect to the "Hold-the-Price Maturities" (as listed in Schedule A attached hereto), as agreed to in writing in the Purchase Contract by the Representative on behalf of the Group Member, neither the Group Member [nor any broker-dealer who is participating in the initial sale of the Series 2023 Bonds as a party to a retail distribution agreement or other written contract with the Group Member (if any)] has offered or sold any of the Hold-the-Price Maturities to any person at a price that is higher than or a yield lower than the respective Initial Offering Prices for such Maturities of the Series 2023 Bonds during the Holding Period.

3. ***Defined Terms***.

(a) *Initial Offering Price* means the prices or yields listed in Schedule A attached hereto.

(b) *Hold-the-Price Maturities* means those Maturities of the Series 2023 Bonds listed in Schedule A hereto as the "Hold-the-Price Maturities."

(c) *Holding Period* means, with respect to a Hold-the-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which at least 10% of such Hold-the-Price Maturity was sold to the Public at prices that are no higher than or yields that are no lower than the Initial Offering Price for such Hold-the-Price Maturity.

(d) *Maturity* means Series 2023 Bonds with the same credit and payment terms. Series 2023 Bonds with different maturity dates, or Series 2023 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2023 Bonds. The Sale Date of the Series 2023 Bonds is October __, 2023.

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2023 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2023 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2023 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Group Member's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2023 Bonds, and by Kutak Rock LLP, as Bond Counsel to the Authority, in connection with rendering its opinion that the interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Forms 8038 and 8038-G, and other federal income tax advice that it may give to the Authority from time to time relating to the Series 2023 Bonds.]

[GROUP MEMBER]

By ______________________________

Authorized Representative

Dated: October __, 2023

SCHEDULE A

SALE PRICES OF THE 10% TEST MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-PRICE MATURITIES

$__________
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2023A
(Governmental/Non-AMT)

Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price

C Priced to par call on July 1, 20__.
* Term Bonds, subject to mandatory sinking fund redemption.
** 10% Test Maturities
*** Hold-the-Price Maturities

4858-7625-3815.2

$__________
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2023B
(Private Activity/Non-AMT)

Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price

C Priced to par call on July 1, 20__.
* Term Bonds, subject to mandatory sinking fund redemption.
** 10% Test Maturities
*** Hold-the-Price Maturities

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached*)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

DRAFT

SCHEDULE C

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER [•], 2023

NEW ISSUE
BOOK-ENTRY ONLY

Ratings: See "RATINGS" herein.

In the opinion of Kutak Rock LLP, Bond Counsel to the Airport Authority, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Senior Series 2023 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Senior Series 2023B Bond for any period during which such Senior Series 2023B Bond is held by a "substantial user" of the facilities financed or refinanced by the Senior Series 2023B Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel is further of the opinion that (a) interest on the Senior Series 2023A Bonds is not a specific preference item for purposes of the federal alternative minimum tax on individuals, and (b) interest on the Senior Series 2023B Senior Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. For tax years beginning after December 31, 2022, interest on the Senior Series 2023 Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that interest on the Senior Series 2023 Bonds is exempt from present State of California personal income taxes. See "TAX MATTERS" herein.

[Logo] [Logo]

$[PAR]*
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

$[PARA]*	**$[PARB]***
Senior Airport Revenue Bonds	**Senior Airport Revenue Bonds**
Series 2023A	**Series 2023B**
(Governmental/Non-AMT)	**(Private Activity/AMT)**

Dated: Date of Delivery **Due: July 1 as shown on the inside cover**

The San Diego County Regional Airport Authority (the "Airport Authority") is issuing its (a) Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the "Senior Series 2023A Bonds"), and (b) Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the "Senior Series 2023B Bonds," and together with the Senior Series 2023A Bonds, the "Senior Series 2023 Bonds"), to (i) pay and/or reimburse the Airport Authority for certain capital improvements at San Diego International Airport associated with the New T1 program, (ii) repay all of the outstanding Subordinate Revolving Obligations, (iii) purchase, in the sole discretion of the Airport Authority, all or a portion of the Airport Authority's Subordinate Airport Revenue Refunding Bonds, Series 2021C (Federally Taxable), that may be tendered by the holders thereof in response to a formal tender solicitation, (iv) fund a portion of the interest accruing on the Senior Series 2023 Bonds, (v) make a deposit to the Senior Reserve Fund, and (vi) pay the costs of issuance of the Senior Series 2023 Bonds. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Airport Authority, with the assistance of Jefferies LLC, as dealer manager, has released an "Invitation to Tender Bonds made by San Diego County Regional Airport Authority" dated September [•], 2023, inviting owners of [certain/all] of the Airport Authority's Subordinate Airport Revenue Refunding Bonds, Series 2021C (Federally Taxable) (the "Subordinate Series 2021C Bonds") to tender such bonds for purchase by the Airport Authority. Any Subordinate Series 2021C Bonds agreed to be purchased by the Airport Authority will be purchased concurrently with the issuance of the Senior Series 2023 Bonds. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS—Tender and Purchase of Subordinate Series 2021C Bonds."

The Senior Series 2023 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of and first lien on Net Revenues, which include certain income and revenue received by the Airport Authority from the operation of the Airport System less all amounts that are required to pay the Operation and Maintenance Expenses of the Airport System; and (b) certain funds and accounts held by the Senior Trustee under the Senior Indenture. After this issuance of the Senior Series 2023 Bonds, the Senior Series 2023 Bonds will be the only Outstanding Senior Bonds.

NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THE SENIOR SERIES 2023 BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE AIRPORT AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SENIOR SERIES 2023 BONDS. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2023 BONDS."

The Senior Series 2023 Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases and sales of the Senior Series 2023 Bonds may be made in book-entry-form only in denominations of $5,000 and integral multiples thereof. Interest on the Senior Series 2023 Bonds will be payable on January 1 and July 1, commencing on January 1, 2024. So long as the Senior Series 2023 Bonds are held by DTC, the principal of and interest on the Senior Series 2023 Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Senior Series 2023 Bonds, as more fully described herein. See "APPENDIX G—BOOK-ENTRY-ONLY SYSTEM."

Maturity Schedules on Inside Front Cover

The Senior Series 2023 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as more fully described herein. See "DESCRIPTION OF THE SENIOR SERIES 2023 BONDS—Redemption Provisions."

The purchase and ownership of Senior Series 2023 Bonds involve investment risk and may not be suitable for all investors. This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Senior Series 2023 Bonds. Investors are advised to read the entire Official Statement, including any portion hereof included by reference, to obtain information essential to the

* Preliminary; subject to change.

making of an informed decision, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS." Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Senior Series 2023 Bonds are offered when, as and if issued by the Airport Authority, subject to the approval of validity by Kutak Rock LLP, Bond Counsel to the Airport Authority, and to certain other conditions. Certain matters will be passed upon for the Airport Authority by its General Counsel and by Kutak Rock LLP, Disclosure Counsel to the Airport Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Squire Patton Boggs (US) LLP. Frasca & Associates, LLC, has served as Municipal Advisor to the Airport Authority. It is expected that the delivery of the Senior Series 2023 Bonds will be made through the facilities of DTC on or about October [•], 2023.

Jefferies		**Ramirez & Co., Inc.**
Academy Securities	**BofA Securities**	**Morgan Stanley**
RBC Capital Markets	**Siebert Williams Shank & Co., LLC**	**Stern Brothers**

Date of Official Statement:

MATURITY SCHEDULES*

$[PARA]*
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2023A
(Governmental/Non-AMT)

Maturity Date (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP Numbers†

$____________ ____% Term Bonds due July 1, 20__; Yield ____%; Price _____; CUSIP No.†: _______

$____________ ____% Term Bonds due July 1, 20__; Yield ____%; Price _____; CUSIP No.†: _______

* Preliminary; subject to change.
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$[PARB]*
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2023B
(Private Activity/AMT)

Maturity Date (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP Numbers†

$____________ ____% Term Bonds due July 1, 20__; Yield ____%; Price _____; CUSIP No.†: _______

$____________ ____% Term Bonds due July 1, 20__; Yield ____%; Price _____; CUSIP No.†: _______

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS[*]

Guillermo "Gil" Cabrera (Chair)[**]
Mary Casillas Salas (Vice Chair)[**]
Rafael Perez[**]
Lidia S. Martinez
Paul McNamara
Esther Sanchez
James Sly
Marni von Wilpert
Colonel Thomas M. Bedell, *Ex-Officio* Member
Gustavo Dallarda, *Ex-Officio* Member
Gayle Miller, *Ex-Officio* Member

[*] [There is currently one vacancy on the Board of Directors of the Airport Authority].
[**] Member of the Executive Committee.

EXECUTIVE MANAGEMENT

Kimberly J. Becker, President and CEO
Scott M. Brickner, Vice President, Chief Financial Officer
Angela Shafer-Payne, Vice President, Chief Development Officer
Rick Francis, Vice President, Chief Operations Officer
Hampton Brown, Vice President, Chief Revenue Officer
Lee Parravano, Chief Auditor
Amy Gonzalez, General Counsel

BOND COUNSEL AND DISCLOSURE COUNSEL

Kutak Rock LLP

MUNICIPAL ADVISOR

Frasca & Associates, LLC

SENIOR TRUSTEE

The Bank of New York Mellon Trust Company, N.A.

INDEPENDENT AUDITOR

Forvis, LLP

FEASIBILITY CONSULTANT

Unison Consulting, Inc.

No dealer, broker, salesperson or other person has been authorized by the Airport Authority to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Airport Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Senior Series 2023 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Senior Series 2023 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. See "INTRODUCTION—Forward-Looking Statements" herein.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Airport Authority since the date hereof. This Official Statement is submitted in connection with the sale of the Senior Series 2023 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE SENIOR SERIES 2023 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE SENIOR INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE SENIOR SERIES 2023 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

THE UNDERWRITERS MAY OFFER AND SELL THE SENIOR SERIES 2023 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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OFFICIAL STATEMENT

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

$[PARA]*	**$[PARB]***
Senior Airport Revenue Bonds	**Senior Airport Revenue Bonds**
Series 2023A	**Series 2023B**
(Governmental/Non-AMT)	**(Private Activity/AMT)**

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and appendices, is to provide certain information concerning the sale and delivery by the San Diego County Regional Airport Authority (the "**Airport Authority**") of its (a) $[PARA]* San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the "**Senior Series 2023A Bonds**"), and (b) $[PARB]* San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the "**Senior Series 2023B Bonds**," and together with the Senior Series 2023A Bonds, the "**Senior Series 2023 Bonds**"). Capitalized terms used but not defined herein have the meanings ascribed to them in "APPENDIX C-1—CERTAIN DEFINITIONS."

The Airport Authority

The Airport Authority is a local government entity of regional government, with jurisdiction extending throughout the County of San Diego (the "**County**"). The Airport Authority was organized and exists pursuant to the provisions of the Constitution of the State of California and Section 170000 et seq. of the California Public Utilities Code (the "**Act**"). The Airport Authority was formed for the purposes of: (a) operating the Airport System (the main asset of which is San Diego International Airport ("**SDIA**," "**SAN**" or the "**Airport**")); (b) planning and operating any future airport that could be developed as a supplement or replacement to SDIA; (c) developing comprehensive land use plans as they may relate to the Airport System for the entire County; and (d) serving as the region's airport land use commission.

San Diego International Airport and Airport System

SDIA was owned and operated by the San Diego Unified Port District (the "**Port District**") until January 2003 at which time SDIA was transferred by long-term lease to the Airport Authority (the "**Transfer**"). The Transfer included all obligations associated with SDIA, including bonds and commercial paper notes issued for the improvement of SDIA. According to Airports Council International ("**ACI**") statistics, SDIA is the busiest single-runway commercial airport in the United States based on passenger levels and is classified as a large air traffic hub by the Federal Aviation Administration (the "**FAA**"). According to ACI statistics, for each of the calendar years ended December 31, 2022 and December 31, 2021, SDIA was ranked as the 25th busiest airport in the country as measured by total number of enplaned and deplaned passengers. For the fiscal year ended June 30, 2019 ("**Fiscal Year 2019**"), approximately 12.4 million passengers were enplaned at SDIA; for the fiscal year ended June 30, 2020 ("**Fiscal Year**

* Preliminary; subject to change.

2020"), approximately 9.2 million passengers were enplaned at SDIA; for the fiscal year ended June 30, 2021 ("**Fiscal Year 2021**"), approximately 4.9 million passengers were enplaned at SDIA; for the fiscal year ended June 30, 2022 ("**Fiscal Year 2022**"), approximately 10.0 million passengers were enplaned at SDIA; and for the fiscal year ended June 30, 2023 ("**Fiscal Year 2023**"), approximately 11.9 million passengers were enplaned at SDIA. The significant decreases of enplaned passengers at SDIA in Fiscal Years 2020 and 2021 were a direct result of the COVID-19 pandemic. For the calendar year ended December 31, 2022, approximately 98% of the passengers using SDIA were origination and destination ("**O&D**") passengers (passengers beginning or ending their trips at SDIA, as opposed to passengers connecting through SDIA to other cities). Over the last five Fiscal Years, on average, approximately 97% of all enplanements at SDIA have been domestic enplanements. See "THE AIRPORT AUTHORITY" and "SAN DIEGO INTERNATIONAL AIRPORT" herein.

In addition to operating SDIA, the Airport Authority is responsible for operating the entire "**Airport System**," which includes all airports, airport sites, and all equipment, accommodations and facilities for aerial navigation, flight, instruction and commerce under the jurisdiction and control of the Airport Authority, including SDIA, and any successor entities thereto, including all facilities and property related thereto, real or personal, under the jurisdiction or control of the Airport Authority or in which the Airport Authority has other rights or from which the Airport Authority derives revenues at such location; and including or excluding, as the case may be, such property as the Airport Authority may either acquire or which shall be placed under its control, or divest or have removed from its control. Currently, SDIA is the only airport in the Airport System.

Capital Program and New T1

Capital Program. The Airport Authority maintains a capital program (the "**Capital Program**"), which is a rolling five-year program that provides for critical improvements and asset preservation for the Airport Authority. The Capital Program contains two main components: (1) the New T1 program that consists of the replacement of the current Terminal 1 with a larger, more efficient facility, certain airfield enhancements and roadway and parking improvements, and a new administration building for the Airport Authority (see "New T1" below), and (2) the Capital Improvement Program (the "**CIP**") that addresses airfield safety and capacity, environmental protection, terminal enhancements, landside infrastructure and access improvements. The New T1 is expected to be designed and constructed through Fiscal Year 2028, and all approved open projects of the CIP are anticipated to be completed between Fiscal Years 2024 through 2028. The Capital Program was approved by the board of directors of the Airport Authority (the "**Board**") on June 1, 2023 and, as of the date of this Official Statement, has a budgeted cost of $3.854 billion (as of June 30, 2023, $999.5 million of this cost had been incurred), of which approximately $3.464 billion is the approved budgeted cost of the New T1. Escalation of construction costs, due to global inflationary pressures, have increased the expected cost of the Capital Program. While the approved Capital Program budget for Fiscal Years 2024 through 2028 included an adjustment for some of the projects in the CIP to account for this escalation, there has not yet been any adjustment to the New T1 budget. See "New T1" below for a discussion of the estimated increase of the budget for the New T1.

New T1. In 2012, the Airport Authority embarked on a new master-planning effort for SDIA known as the "**New T1**" (previously known as the "**Airport Development Plan**"), to identify the facilities anticipated to be needed to meet the Airport's passenger demand through 2035. Between Fiscal Years 2015 and 2019, SDIA had record-breaking growth with approximately 24.7 million passengers being served in Fiscal Year 2019; the highest number of passengers ever served by SDIA. Activity levels at the Airport are estimated to surpass 39 million passengers and 280,000 aircraft operations in 2035, based on the aviation planning forecast completed by the Airport Authority in April 2019 and approved by the FAA in June 2019. The cornerstone of the New T1 is the replacement of Terminal 1, which is over 50 years old, with a more modern, comfortable, and efficient terminal facility. The new terminal will be approximately 1.2 million square feet and will have 30 gates (11 more gates than the existing Terminal 1) and be able to accommodate both narrow-body and wide-body aircraft. The new Terminal 1 will be served by a dual-level curbside, a new close-in parking structure (approximately 5,200 parking spaces), and new entry and circulation roadways. Other components that are part of the New T1 include a new Airport Authority administration building and multiple airfield improvements, such as a new apron area for the new terminal, a new Taxiway A, relocation of Taxiway B and reconfigured remain-overnight aircraft parking positions.

The New T1 is being procured through the use of "progressive design-build" and "design-bid-build" delivery methods. The terminal and roadway components of the New T1 are being designed and built by Turner-Flatiron, A Joint Venture (the "**Terminal and Roadway Contractor**"); the airside improvement components of the New T1 were designed by Jacobs Engineering Group Inc. ("**Jacobs**") and are being built by Griffith Company (the "**Airside Contractor**"); and the administration building component of the New T1 was designed and is being built by Sundt Construction, Inc. (the "**Administration Building Contractor**").

As of the date of this Official Statement, the New T1 has an approved budget of approximately $3.464 billion. This amount incorporates $452 million of total contingencies and allowances including an escalation allowance of $105 million. Since the budget for the New T1 was approved by the Board in October 2021, global inflationary pressures have resulted in an increase in construction costs above what was anticipated by the $105 million escalation allowance. The Airport Authority is in the process of negotiating a guaranteed maximum price with the Terminal and Roadway Contractor and the escalation allowance developed in 2021 will be revised. As of the date of this Official Statement, the Airport Authority is estimating that the budget for the New T1 may increase by up to 11% from the original approved budget (which increase will be to the terminal and roadways component of the New T1). However, the existing program contingencies and allowances may be sufficient to cover some of the expected increases in cost due to inflation. The Airport Authority and the Administration Building Contractor entered into a guaranteed maximum price contract for the administration building in 2022 (which was amended in July 2023), and the Airport Authority and the Airside Contractor entered into a contract for the airside components of the New T1 in 2021.

Funding Sources for Capital Program and New T1. The Capital Program (including the New T1) will be financed with a combination of proceeds of the Senior Series 2023 Bonds, the previously-issued Subordinate Series 2019 Bonds (as defined herein) and Subordinate Series 2021A/B Bonds (as defined herein), Additional Senior Bonds and/or Additional Subordinate Obligations, federal grants, Passenger Facility Charges ("**PFCs**"), and certain other available moneys of the Airport Authority. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS," "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

Plan of Finance

The Senior Series 2023 Bonds are being issued to (a) pay and/or reimburse the Airport Authority for certain capital improvements at San Diego International Airport associated with the New T1 program, (b) repay all of the outstanding Subordinate Revolving Obligations (as defined herein), (c) purchase, in the sole discretion of the Airport Authority, all or a portion of the Airport Authority's Subordinate Airport Revenue Refunding Bonds, Series 2021C (Federally Taxable) (the "**Subordinate Series 2021C Bonds**"), that may be tendered by the holders thereof in response to a formal tender solicitation, (d) fund a portion of the interest accruing on the Senior Series 2023 Bonds, (e) make a deposit to the Senior Reserve Fund (as defined herein), and (f) pay the costs of issuance of the Senior Series 2023 Bonds. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" and "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT."

Tender Offer for Subordinate Series 2021C Bonds

The Airport Authority, with the assistance of Jefferies LLC, as dealer manager (the "**Dealer Manager**"), has released an "Invitation to Tender Made by San Diego County Regional Airport Authority" dated September [•], 2023 (the "**Invitation to Tender**") inviting owners of [certain of] the Subordinate Series 2021C Bonds to tender such bonds for purchase by the Airport Authority. Such purchase of tendered bonds will be funded by a portion of the proceeds of the Senior Series 2023 Bonds as described herein. Any Subordinate Series 2021C Bonds agreed to be purchased by the Airport Authority will be purchased concurrently with the issuance of the Senior Series 2023 Bonds. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS—Tender and Purchase of Subordinate Series 2021C Bonds."

Senior Series 2023 Bonds and Pledge of Net Revenues

The Senior Series 2023 Bonds are being issued pursuant to the Master Trust Indenture, dated as of November 1, 2005, as amended (the "**Master Senior Indenture**"), by and between the Airport Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as trustee (the "**Senior Trustee**"), and the Fifth Supplemental Trust Indenture, to be dated as of October 1, 2023 (the "**Fifth Supplemental Senior Indenture**," and collectively with the Master Senior Indenture and all supplements thereto, the "**Senior Indenture**"), by and between the Airport Authority and the Senior Trustee; the Act; and certain other provisions of California State law (including Section 53580 *et seq*. of the California Government Code). The Board authorized the issuance of the Senior Series 2023 Bonds pursuant to a resolution adopted by the Board on [September 7], 2023 (the "**Resolution**"). See "DESCRIPTION OF THE SENIOR SERIES 2023 BONDS." Upon their issuance, the Senior Series 2023A Bonds will be the only Senior Bonds Outstanding; there currently are no Senior Bonds Outstanding.

The Senior Series 2023 Bonds are secured by a pledge of and first lien on Net Revenues (as defined herein) on a parity with any additional bonds or obligations issued or incurred on a parity with the Senior Series 2023 Bonds under the terms and provisions of the Master Senior Indenture ("**Additional Senior Bonds**"). For purposes of this Official Statement, "**Senior Bonds**" means the Senior Series 2023 Bonds and any Additional Senior Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2023 BONDS—Flow of Funds," "—Pledge of Net Revenues," "—Use of PFCs to Pay Debt Service" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE."

The Senior Series 2023 Bonds are special obligations of the Airport Authority, payable solely from and secured by a pledge of and first lien on (a) Net Revenues, which include certain income and revenues received by the Airport Authority from the operation of the Airport System less all amounts which are required to be used to pay the Operation and Maintenance Expenses of the Airport System (as defined herein), and (b) certain funds and accounts held by the Senior Trustee under the Senior Indenture. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Senior Series 2023 Bonds, and neither the full faith and credit nor the taxing power of the Airport Authority, the City of San Diego (the "City"), the County, the State of California (the "State") or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Senior Series 2023 Bonds.

Subordinate Obligations

In addition to the Senior Series 2023 Bonds, pursuant to the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "**Master Subordinate Indenture**," and together with all supplements thereto, the **"Subordinate Indenture**"), by and between the Airport Authority and U.S. Bank

Trust Company, National Association, successor in interest to U.S. Bank National Association, as successor trustee (the "**Subordinate Trustee**"), the Airport Authority has issued the Existing Subordinate Bonds (as defined below), is authorized to issue and have outstanding, from time to time, up to $200,000,000 in aggregate principal amount of its Subordinate Revolving Obligations (as defined below) and may, from time to time, issue additional Subordinate Obligations ("**Additional Subordinate Obligations**"), all of which are secured by a pledge of and lien on "**Subordinate Net Revenues**" (which consist of Net Revenues less all amounts necessary to pay debt service on and fund the reserves for the Senior Bonds (including the Senior Series 2023 Bonds)). See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2023 BONDS—Flow of Funds."

The Airport Authority previously issued, and as of September 1, 2023, there was $2,822,255,000 aggregate principal amount outstanding of its Subordinate Airport Revenue Bonds, Series 2017A (Non-AMT) (the "**Subordinate Series 2017A Bonds**"), Subordinate Airport Revenue Bonds, Series 2017B (AMT) (the "**Subordinate Series 2017B Bonds**," and together with the Subordinate Series 2017A Bonds, the "**Subordinate Series 2017 Bonds**"), Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A (Governmental/Non-AMT) (the "**Subordinate Series 2019A Bonds**"), Subordinate Airport Revenue Bonds, Series 2019B (Private Activity/AMT) (the "**Subordinate Series 2019B Bonds**," and together with the Subordinate Series 2019A Bonds, the "**Subordinate Series 2019 Bonds**"), Subordinate Airport Revenue Refunding Bonds, Series 2020A (Governmental/Non-AMT) (the "**Subordinate Series 2020A Bonds**"), Subordinate Airport Revenue Refunding Bonds, Series 2020B (Private Activity/Non-AMT) (the "**Subordinate Series 2020B Bonds**"), Subordinate Airport Revenue Refunding Bonds, Series 2020C (Private Activity/AMT) (the "**Subordinate Series 2020C Bonds**," and collectively with the Subordinate Series 2020A Bonds and the Subordinate Series 2020B Bonds, the "**Subordinate Series 2020 Bonds**"), Subordinate Airport Revenue Bonds, Series 2021A (Governmental/Non-AMT) (the "**Subordinate Series 2021A Bonds**"), Subordinate Airport Revenue Bonds, Series 2021B (Private Activity/AMT) (the "**Subordinate Series 2021B Bonds**," and together with the Subordinate Series 2021A Bonds, the "**Subordinate Series 2021A/B Bonds**"), and Subordinate Airport Revenue Refunding Bonds, Series 2021C (Federally Taxable) (the "**Subordinate Series 2021C Bonds**," and together with the Subordinate Series 2021A/B, the "**Subordinate Series 2021 Bonds**"). The Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020 Bonds and the Subordinate Series 2021 Bonds are collectively referred to in this Official Statement as the "**Existing Subordinate Bonds**." See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS—Tender and Purchase of Subordinate Series 2021C Bonds."

Pursuant to the Master Subordinate Indenture, the Eighth Supplemental Subordinate Trust Indenture, dated as of July 1, 2021 (the "**Eighth Supplemental Subordinate Indenture**"), by and between the Airport Authority and the Subordinate Trustee, and the Revolving Credit Agreement, dated as of July 19, 2021 (the "**Subordinate Credit Agreement**"), by and between the Airport Authority and Bank of America, N.A. (the "**Subordinate Revolving Obligations Bank**"), the Airport Authority is authorized to issue and have outstanding, from time to time, up to $200,000,000 in aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations (collectively, the "**Subordinate Revolving Obligations**"). As of September 1, 2023, the Airport Authority had $80,100,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" for a discussion of the Airport Authority's plan to repay all of the outstanding Subordinate Revolving Obligations with a portion of the proceeds of the Senior Series 2023 Bonds.

The Existing Subordinate Bonds and the Subordinate Revolving Obligations are collectively referred to in this Official Statement as the "**Existing Subordinate Obligations**"; and the Existing Subordinate Obligations and any Additional Subordinate Obligations are collectively referred to in this

Official Statement as "**Subordinate Obligations**." See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations."

Financial Feasibility Report

Included as Appendix A to this Official Statement is a Financial Feasibility Report dated September [•], 2023 (the "**Financial Feasibility Report**"), prepared by Unison Consulting, Inc. (the "**Feasibility Consultant**"), in conjunction with the issuance of the Senior Series 2023 Bonds. The Financial Feasibility Report includes, among other things, a description of the underlying economic base of SDIA's air service area; a description of historical air traffic activity at SDIA; the Feasibility Consultant's projections for air traffic activity at SDIA through Fiscal Year 2029 and a description of the assumptions on which such projections were based; a description of existing and planned facilities at SDIA, including the New T1; and the Feasibility Consultant's projections of debt service, debt service coverage, expenses and revenues through Fiscal Year 2029 and a description of the assumptions upon which such projections were based. Inevitably, some assumptions used to develop the projections in the Financial Feasibility Report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. The projections contained in the Financial Feasibility Report are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Airport Authority assume any responsibility for the failure to meet such projections. The Financial Feasibility Report is an integral part of this Official Statement and should be read in its entirety. "FINANCIAL FEASIBILITY REPORT," and "CERTAIN INVESTMENT CONSIDERATIONS—Financial Feasibility Report" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

Continuing Disclosure

The Airport Authority will covenant for the benefit of the owners and beneficial owners of the Senior Series 2023 Bonds to annually provide, or cause to be provided, certain financial information and operating data concerning the Airport Authority and the Airport System, and to provide, or cause to be provided, notices of certain enumerated events to the Municipal Securities Rulemaking Board ("**MSRB**") through its Electronic Municipal Market Access System (the "**EMMA System**") or any successor method designated by the MSRB, pursuant to the requirements of Rule 15c2-12 of the Securities Exchange Commission. See "CONTINUING DISCLOSURE," "APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Investment Considerations

The purchase and ownership of the Senior Series 2023 Bonds involve investment risks. Prospective purchasers of the Senior Series 2023 Bonds should read this Official Statement in its entirety. For a discussion of certain risks relating to the Senior Series 2023 Bonds, see "CERTAIN INVESTMENT CONSIDERATIONS."

Forward-Looking Statements

The statements contained in this Official Statement that are not purely historical, are forward-looking statements, including statements regarding the Airport Authority's expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "project," "forecast," "will likely result," "are expected to," "will continue," "is anticipated," "intend" or other similar words. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Airport Authority on the date hereof, and the Airport Authority assumes no obligation to update any such forward-looking statements. It is important to note that the Airport Authority's actual financial and operating results likely will differ, and could differ materially, from those in such forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including airlines, customers, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Airport Authority. Any such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Additional Information

Brief descriptions of the Senior Series 2023 Bonds, the Senior Indenture, the Subordinate Indenture, the Airline Lease Agreements (as defined herein), the Invitation to Tender and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, laws, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, law, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Airport Authority since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Airport Authority and the purchasers or owners of any of the Senior Series 2023 Bonds. The Airport Authority maintains a website, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Senior Series 2023 Bonds. Additionally, any information on any websites referred to in this Official Statement is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Senior Series 2023 Bonds.

PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS

General

Proceeds from the sale of the Senior Series 2023 Bonds will be used to (a) pay and/or reimburse the Airport Authority for certain capital improvements at SDIA associated with the New T1 program, (b) repay all of the outstanding Subordinate Revolving Obligations, (c) purchase, in the sole discretion of the Airport Authority, all or a portion of the Subordinate Series 2021C Bonds, that may be tendered by the holders thereof in response to the Invitation to Tender, (d) fund a portion of the interest accruing on the Senior Series 2023 Bonds, (e) make a deposit to the Senior Reserve Fund, and (f) pay the costs of issuance of the Senior Series 2023 Bonds.

Financing of New T1

A portion of the proceeds of the Senior Series 2023 Bonds will be used to pay and/or reimburse the Airport Authority for costs related to the design, construction, improvement and equipping of the New T1.

See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT” and “APPENDIX A—FINANCIAL FEASIBILITY REPORT.”

Tender and Purchase of Subordinate Series 2021C Bonds

Concurrently with the marketing of the Senior Series 2023 Bonds, the Airport Authority, with the assistance of the Dealer Manager, has released the Invitation to Tender inviting owners of [certain of] the Subordinate Series 2021C Bonds to tender such bonds for purchase by the Airport Authority. Such purchase of tendered bonds, will be funded by a portion of the proceeds of the Senior Series 2023 Bonds.

The Subordinate Series 2021C Bonds purchased pursuant to the Invitation to Tender (the “**Purchased Subordinate Series 2021C Bonds**”) are expected to be cancelled on the date of issuance of the Senior Series 2023 Bonds (the “**Settlement Date**”) and shall no longer be deemed “Outstanding” within the meaning of the Subordinate Indenture. This section is not intended to summarize all of the terms of the Invitation to Tender and reference is made to the Invitation to Tender in its entirety for a discussion of the terms of the tender offer and the conditions for settlement of the Subordinate Series 2021C Bonds validly tendered and accepted for purchase.

Based on the results of the tender offer, some or all of the Subordinate Series 2021C Bonds may be (a) purchased pursuant to the Tender Offer or (b) remain Outstanding.

The Subordinate Series 2021C Bonds that are the subject of the Invitation to Tender and the Subordinate Series 2021C Bonds that the Airport Authority intends to purchase pursuant to the Invitation to Tender are listed in the following table. [verify before printing]

San Diego County Regional Airport Authority
Subordinate Airport Revenue Refunding Bonds
Series 2021C
(Federally Taxable)

Maturity Date (July 1)	CUSIP Number[1]	Outstanding Principal Amount	Interest Rate	Maximum Principal Amount That May Be Accepted for Purchase if Tendered	Principal Amount Tendered and Accepted	Remaining Outstanding Principal Amount
2024	79739GPC4	$ 16,570,000	1.081%			
2025	79739GPD2	16,745,000	1.341			
2030	79739GPM2	505,000	2.256			
2031	79739GPE0	7,650,000	2.356			
2032	79739GPF7	8,145,000	2.506			
2033	79739GPG5	8,610,000	2.656			
2034	79739GPH3	9,205,000	2.806			
2035	79739GPJ9	9,870,000	2.906			
2036	79739GPK6	10,695,000	2.956			
2043	79739GPL4	242,950,000	3.103			

[1] CUSIP number is provided only for the convenience of the reader. None of the Airport Authority, the Underwriters or the Dealer Manager undertake any responsibility for the accuracy of such CUSIP number or for any changes or errors in the CUSIP number.

Owners of the Subordinate Series 2021C Bonds must review the Invitation to Tender for further information regarding the Airport Authority’s offer. The Airport Authority’s decision to purchase any of the tendered Subordinate Series 2021C Bonds is subject to market conditions, and the Airport Authority expects to only purchase those tendered Subordinate Series 2021C Bonds that result in sufficient benefit to the Airport Authority.

Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Senior Series 2023 Bonds:

	Senior Series 2023A Bonds	Senior Series 2023B Bonds	Total
Sources			
Principal Amount			
Original Issue Premium/(Discount)			
Other Available Moneys[1]			
Total Sources			
Uses			
Deposit to Senior Series 2023 Construction Funds			
Deposit to Senior Series 2023 Capitalized Interest Accounts			
Repay the Subordinate Revolving Obligations			
Purchase the Purchased Subordinate Series 2021C Bonds			
Deposit to Senior Reserve Fund			
Costs of Issuance[2]			
Total Uses			

[1] Includes moneys to be released from certain funds and accounts established and maintained for the Subordinate Series 2021C Bonds.
[2] Includes Underwriters' discount, Dealer Manager fees, tender agent fees, legal and other costs of issuance.

DESCRIPTION OF THE SENIOR SERIES 2023 BONDS

General

The Senior Series 2023 Bonds will bear interest at the rates and mature on the dates set forth on the inside cover pages of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Senior Series 2023 Bonds will be dated their date of delivery, and will bear interest from such date, payable semi-annually on January 1 and July 1 of each year (each an "**Interest Payment Date**"), commencing on January 1, 2024. Interest due and payable on the Senior Series 2023 Bonds on any Interest Payment Date will be paid to the registered owner as of the Record Date (Cede & Co., so long as the book-entry system with The Depository Trust Company ("**DTC**") is in effect). Each Senior Series 2023 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Senior Series 2023 Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Senior Series 2023 Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before December 15, 2023, in which event such Senior Series 2023 Bond will bear interest from its date of delivery. If interest on the Senior Series 2023 Bonds is in default, Senior Series 2023 Bonds issued in exchange for Senior Series 2023 Bonds surrendered for transfer or exchange will bear interest from the Interest Payment Date to which interest has been paid in full on the Senior Series 2023 Bonds surrendered.

The Senior Series 2023 Bonds will be issued in denominations of $5,000 or integral multiples thereof. The Senior Series 2023 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Senior Series 2023 Bonds. Individual purchases may be made in book-entry-form only. Purchasers will not receive certificates representing their interest in the Senior Series 2023 Bonds purchased. So long as Cede & Co., as a nominee of DTC, is the registered owner of the Senior Series 2023 Bonds, references herein to the Holders or registered owners means Cede & Co., and does not mean the Beneficial Owners of the Senior Series 2023 Bonds.

So long as Cede & Co. is the registered owner of the Senior Series 2023 Bonds, principal of and interest on the Senior Series 2023 Bonds will be payable by wire transfer by the Senior Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants, for subsequent disbursement to the Beneficial Owners. See "APPENDIX G—BOOK-ENTRY-ONLY SYSTEM."

Redemption Provisions

Optional Redemption. The Senior Series 2023 Bonds maturing on or before July 1, 20__ are not subject to optional redemption prior to maturity. The Senior Series 2023 Bonds maturing on and after July 1, 20__ are subject to redemption prior to maturity, at the option of the Airport Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after ____________ 1, 20__, at a redemption price equal to 100% of the principal amount of the Senior Series 2023 Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption.

The Senior Series 2023A Bonds maturing on July 1, 20__ (the "**Senior Series 2023A Term Bonds (20__)**") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

The Senior Series 2023A Bonds maturing on July 1, 20__ (the "**Senior Series 2023A Term Bonds (20__)**," and together with the Senior Series 2023A Term Bonds (20__), the "**Senior Series 2023A Term Bonds**") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

The Senior Series 2023B Bonds maturing on July 1, 20__ (the "**Senior Series 2023B Term Bonds (20__)**") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

The Senior Series 2023B Bonds maturing on July 1, 20__ (the "**Senior Series 2023B Term Bonds (20__)**," and together with the Senior Series 2023B Term Bonds (20__, the "**Senior Series 2023B Term Bonds**") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

The Senior Series 2023A Term Bonds and the Senior Series 2023B Term Bonds are collectively referred to herein as the "**Senior Series 2023 Term Bonds**." At the option of the Airport Authority, to be exercised by delivery of a written certificate to the Senior Trustee on or before the 60th day next preceding any mandatory sinking fund redemption date for the Senior Series 2023 Term Bonds, it may (a) deliver to the Senior Trustee for cancellation Senior Series 2023 Term Bonds, as applicable, or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Airport Authority or (b) specify a principal amount of Senior Series 2023 Term Bonds, as applicable, or portions thereof (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Senior Trustee at the request of the Airport Authority and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Senior Series 2023 Term Bond, as applicable, or portion thereof so purchased or otherwise acquired or redeemed and delivered to the Senior Trustee for cancellation will be credited by the Senior Trustee at 100% of the principal amount thereof against the obligation of the Airport Authority to pay the principal of such applicable Senior Series 2023 Term Bond on such mandatory sinking fund redemption date.

Notices of Redemption to Holders; Conditional Notice of Optional Redemption. The Senior Trustee will give notice of redemption, in the name of the Airport Authority, to Holders affected by redemption (or DTC, so long as the book-entry system with DTC is in effect) at least 30 days but not more than 60 days before each redemption date and send such notice of redemption by first class mail (or with respect to Senior Series 2023 Bonds held by DTC via electronic means or by an express delivery service for delivery on the next following Business Day or by such other means as permitted or required by DTC's procedures) to each Holder of a Senior Series 2023 Bond to be redeemed; each such notice will be sent to the Holder's registered address.

Each notice of redemption will specify the Series, the issue date, the maturity date, the interest rate and the CUSIP number of each Senior Series 2023 Bond to be redeemed, if less than all Senior Series 2023 Bonds of a Series, maturity date and interest rate are called for redemption the numbers assigned to the Senior Series 2023 Bonds to be redeemed, the principal amount to be redeemed, the date fixed for redemption, the redemption price (or the formula that will be used to calculate the redemption price on the redemption date, provided a supplemental notice of redemption is delivered prior to the redemption date setting forth the actual redemption price), the place or places of payment, the Senior Trustee's name, that payment will be made upon presentation and surrender of the Senior Series 2023 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

The Airport Authority may provide that, if at the time of mailing of notice of an optional redemption there has not been deposited with the Senior Trustee moneys sufficient to redeem all the Senior Series 2023 Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Senior Trustee not later than the opening of business one Business Day prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption will be canceled and on such cancellation date notice will be mailed to the Holders of such Senior Series 2023 Bonds called for redemption.

Failure to give any required notice of redemption as to any particular Senior Series 2023 Bonds will not affect the validity of the call for redemption of any Senior Series 2023 Bonds in respect of which no failure occurs. Any notice sent as provided in the Senior Indenture will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Senior Series 2023 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. In the event that funds are deposited with the Senior Trustee sufficient for redemption, interest on the Senior Series 2023 Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

Effect of Redemption. On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Senior Indenture and as described above and sufficient moneys for payment of the redemption price being held in trust to pay the redemption price, the Senior Series 2023 Bonds called for redemption will become and be due and payable on the redemption date, interest on such Senior Series 2023 Bonds will cease to accrue from and after such redemption date, such Senior Series 2023 Bonds will cease to be entitled to any lien, benefit or security under the Senior Indenture and the Holders of such Senior Series 2023 Bonds will have no rights in respect thereof except to receive payment of the redemption price. Senior Series 2023 Bonds which have been duly called for redemption and for which moneys for the payment of the redemption price are held in trust for the Holders thereof, all as provided in the Tenth Supplemental Senior Indenture, will not be deemed to be Outstanding under the provisions of the Senior Indenture.

Selection of Senior Series 2023 Bonds for Redemption; Senior Series 2023 Bonds Redeemed in Part. Redemption of the Senior Series 2023 Bonds will only be in Authorized Denominations. The Senior Series 2023 Bonds are subject to redemption in such order of maturity and interest rate within a Series (except mandatory sinking fund payments on the Senior Series 2023A Term Bonds and the Senior Series 2023B Term Bonds) as the Airport Authority may direct, and by lot within such maturity and interest rate selected in such manner as the Senior Trustee (or DTC, as long as DTC is the securities depository for the Senior Series 2023 Bonds), deems appropriate.

Except as otherwise provided under the procedures of DTC, on or before the 45th day prior to any mandatory sinking fund redemption date, the Senior Trustee will proceed to select for redemption (by lot in such manner as the Senior Trustee may determine), from the applicable Senior Series 2023A Term Bonds or the Senior Series 2023B Term Bonds, as applicable, subject to such redemption, an aggregate principal amount of such applicable Senior Series 2023A Term Bonds or the Senior Series 2023B Term Bonds, as applicable, equal to the amount for such year as set forth in the applicable table under "Mandatory Sinking Fund Redemption" above and will call such Senior Series 2023A Term Bonds or Senior Series 2023B Term Bonds, as applicable, or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

Upon surrender of a Senior Series 2023A Bond or a Senior Series 2023B Bond to be redeemed in part only, the Senior Trustee will authenticate for the Bondholder a new Senior Series 2023A Bond or Senior Series 2023A Bonds or Senior Series 2023B Bond or Senior Series 2023B Bonds, as applicable, of the same maturity date and interest rate equal in principal amount to the unredeemed portion of the Senior Series 2023A Bond or Senior Series 2023B Bond, as applicable, surrendered.

SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2023 BONDS

Flow of Funds

The application of Revenues of the Airport Authority is governed by the Master Senior Indenture and the Master Subordinate Indenture. Pursuant to the Master Senior Indenture, the Airport Authority covenanted to establish and maintain an account designated as the "**Revenue Account**" within the Revenue Fund and to deposit all Revenues, when and as received, in the Revenue Account.

"**Revenues**" are generally defined in the Master Senior Indenture to mean, except to the extent specifically excluded therefrom, all income, receipts, earnings and revenues received by the Airport Authority from the operation and ownership of the Airport System, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to: (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the Airport Authority for the use or availability of the Airport System; and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Airport Authority, including rental or business interruption insurance proceeds received by, held by, accrued to or entitled to be received by the Airport Authority or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the Airport Authority receives payments which are attributable to the Airport System or activities or undertakings related thereto.

Revenues also include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings (except any earnings allowed to be pledged by the terms of a supplemental indenture to fund a construction fund) from the investment of amounts held in the Revenue Account, any construction fund, any debt service fund (except Capitalized Interest on deposit therein), any debt service reserve fund and such additional revenues, if any, as are designated as "Revenues" under the terms of a supplemental indenture. Unless otherwise designated as "Revenues" under the terms of a Supplemental Senior Indenture or pursuant to a certificate of the Airport Authority, PFCs, grants and other charges authorized by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, Senior Capitalized Interest, Subordinate Capitalized Interest, Customer Facility Charges ("**CFCs**"), Federal Direct Payments and COVID-19 Federal Relief Funds (as defined herein) are specifically excluded from Revenues. The Airport Authority has not designated, pursuant to a Supplemental Senior Indenture or a certificate of the Airport Authority, PFCs, grants and other charges authorized by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, Senior Capitalized Interest, Subordinate Capitalized Interest, CFCs, Federal Direct Payments or COVID-19 Federal Relief Funds as Revenues. However, the Airport Authority expects to apply a portion of the PFCs it receives to the payment of debt service on certain Senior Bonds and Subordinate Obligations that are PFC Eligible Bonds (as defined herein) (see "—Use of PFCs to Pay Debt Service" below). Additionally, in Fiscal Years 2020, 2021 and 2022, the Airport Authority applied COVID-19 Federal Relief Funds to the payment of a portion of the debt service on the then-outstanding Senior Series 2013 Bonds and the Existing Subordinate Obligations. As of the date of this Official Statement, the Airport Authority has applied all of its COVID-19 Federal Relief Funds. Also, although not included in Revenues, the Senior Capitalized Interest on deposit in the debt service funds for the Senior Series 2023A Bonds and the Senior Series 2023B Bonds is subject to a lien on and security interest in favor of the Holders of the Senior Series 2023A Bonds and the Senior Series 2023B Bonds, respectively.

Pursuant to the Master Senior Indenture, all Revenues will be deposited in the Revenue Account and will be set aside for the payment of the following amounts or deposited or transferred to the following funds and subaccounts in the order listed:

(1) *Operation and Maintenance Subaccount*. On or prior to the 20th day of each month, the Airport Authority will deposit in the Operation and Maintenance Subaccount an amount equal to one-twelfth of the estimated Operation and Maintenance Expenses of the Airport System for the then current Fiscal Year as set forth in the budget of the Airport Authority for such Fiscal Year as finally approved by the Airport Authority. In the event that the balance in the Operation and Maintenance Subaccount at any time is insufficient to make any required payments therefrom, additional amounts at least sufficient to make such payments will immediately be deposited in the Operation and Maintenance Subaccount from the Revenue Account, and such additional amounts will be credited against the next succeeding monthly deposit from the Revenue Account.

(2) *Senior Debt Service Funds*. On or prior to the 15th day of each calendar month, Revenues will be transferred by the Airport Authority to the Senior Trustee for deposit in the debt service funds established in respect of each series of Senior Bonds (the "**Senior Debt Service Funds**") equal to: (a) 1/6 of the interest coming due on the Senior Bonds on the next interest payment date for the Senior Bonds, provided that at least the full amount required to pay the interest on the Senior Bonds, as it becomes due, will be set aside in the Senior Debt Service Funds by not later than the 15th day of the month prior to the date each installment of interest becomes due, (b) 1/12 of the principal amount of the Senior Bonds maturing on the next principal payment date, provided that at least the full amount required to pay the principal amount of the Senior Bonds, as it becomes due, will be set aside in the Senior Debt Service Funds by not later than the 15th day of the month prior to the date such principal amount becomes due, and (c) 1/12 of the sinking

installment payments, if any, with respect to the Senior Bonds subject to mandatory sinking fund redemption (the "**Senior Term Bonds**") on the next redemption date, provided that at least the full amount required to pay the sinking installment payment, if any, with respect to the Senior Term Bonds will be set aside in the Senior Debt Service Funds by not later than the 15th day of the month prior to the date such sinking installment payment becomes due. Additionally, if provided for in a Supplemental Senior Indenture, regularly scheduled swap payments on a qualified swap may be payable from Net Revenues on a parity basis with the outstanding Senior Bonds.

(3) *Senior Debt Service Reserve Funds*. A sufficient amount of Revenues will be transferred by the Airport Authority, without priority and on an equal basis, except as to timing of payment to the Senior Trustee for deposit into the respective Senior Debt Service Reserve Funds established pursuant to the Senior Indenture, if any, at the times and in such amounts as required to be used to pay or replenish such Senior Debt Service Reserve Funds or reimburse a Credit Provider of a Senior Debt Service Reserve Fund Surety Policy. See "—Senior Reserve Fund" below.

(4) *Subordinate Obligations Debt Service Funds*. On or prior to the 20th day of each calendar month, Revenues will be transferred by the Airport Authority to the Subordinate Trustee for deposit in the debt service funds established in respect of each series of Subordinate Obligations (the "**Subordinate Debt Service Funds**") equal to: (a) 1/6 of the interest coming due on the Subordinate Obligations on the next interest payment date for the Subordinate Obligations, provided that at least the full amount required to pay the interest on the Subordinate Obligations, as it becomes due, will be set aside in the Subordinate Debt Service Funds by not later than the 20th day of the month prior to the date each installment of interest becomes due, (b) 1/12 of the principal amount of the Subordinate Obligations maturing on the next principal payment date, provided that at least the full amount required to pay the principal amount of the Subordinate Obligations, as it becomes due, will be set aside in the Subordinate Debt Service Funds by not later than the 20th day of the month prior to the date such principal amount becomes due, and (c) 1/12 of the sinking installment payments, if any, with respect to the Subordinate Obligations subject to mandatory sinking fund redemption (the "**Subordinate Term Obligations**") on the next redemption date, provided that at least the full amount required to pay the sinking installment payment, if any, with respect to the Subordinate Term Obligations will be set aside in the Subordinate Debt Service Funds by not later than the 20th day of the month prior to the date such sinking installment payment becomes due.

(5) *Subordinate Obligations Debt Service Reserve Funds*. On or prior to the 20th day of each month, upon any deficiency in any Subordinate Debt Service Reserve Fund established by or for the benefit of the Airport Authority in connection with the Subordinate Obligations, the Airport Authority will deposit in such Subordinate Debt Service Reserve Fund an amount equal to: (a) one-twelfth of the aggregate amount of each unreplenished prior withdrawal from such Subordinate Debt Service Reserve Fund; and (b) the full amount of any deficiency in such Subordinate Debt Service Reserve Fund due to any required valuations of the investments in such Subordinate Debt Service Reserve Fund until the balance in such Subordinate Debt Service Reserve Fund is at least equal to the debt service reserve requirement with respect to such Subordinate Obligations.

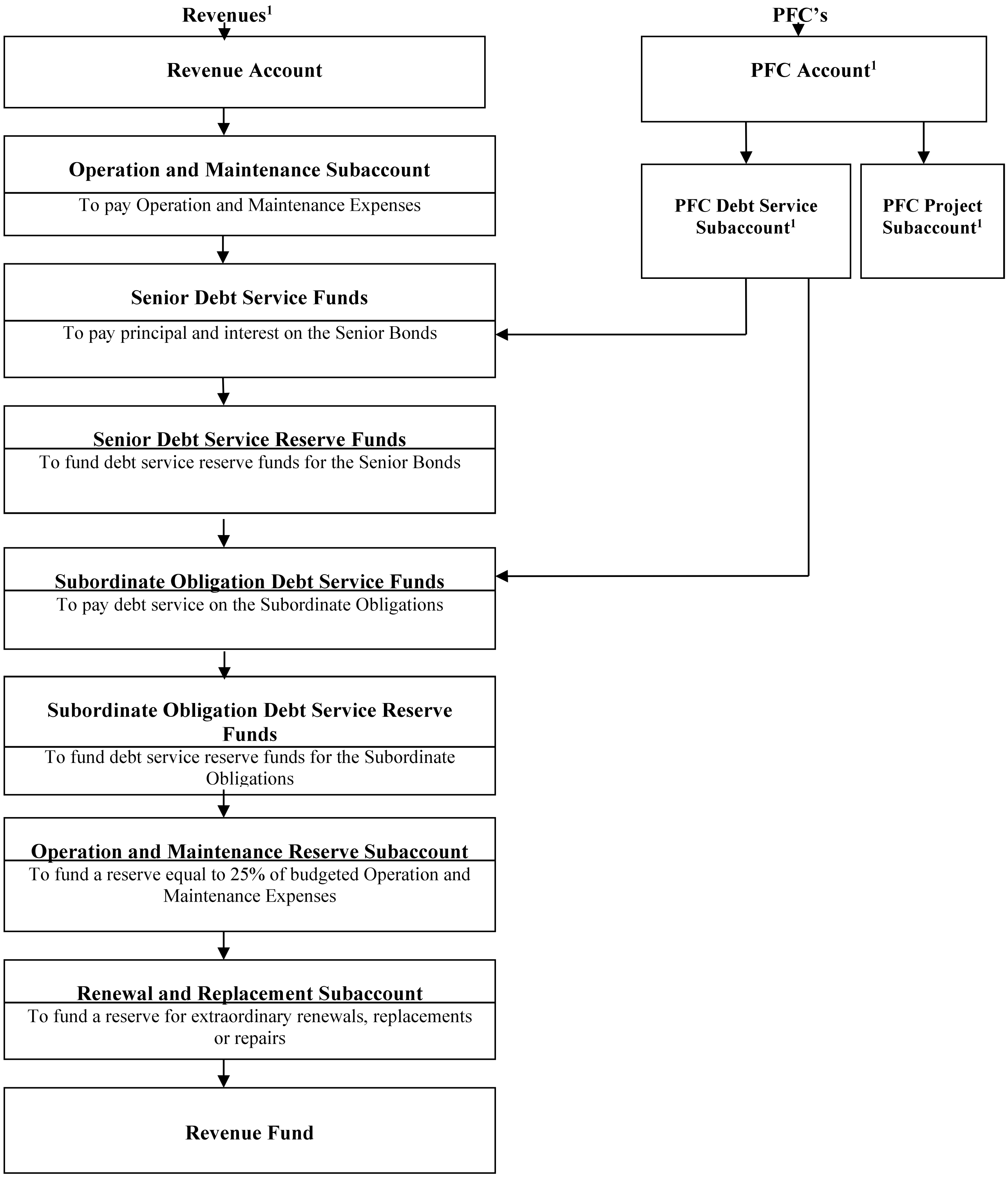
(6) *Operation and Maintenance Reserve Subaccount.* On or prior to the 20th day of each month, to the payment of the amounts required to be deposited in the Operation and Maintenance Reserve Subaccount which are payable from Net Revenues as specified in the Master Senior Indenture.

(7) *Renewal and Replacement Subaccount*. On or prior to the 20th day of each month, to the payment of the amounts required to be deposited in the Renewal and Replacement Subaccount as specified in the Master Senior Indenture.

All moneys and investments on deposit in the Revenue Account and not on deposit in any of the funds or subaccounts provided for as described in (1) through (7) above, are required under the Master Senior Indenture, on the last Business Day of each Fiscal Year, to be transferred from the Revenue Account to the Revenue Fund, unless and to the extent the Airport Authority directs otherwise.

Following is a graphic description of the flow of funds described above, and the flow of PFC Revenues. See "—Use of PFCs to Pay Debt Service."

San Diego County Regional Airport Authority
Flow of Funds



[1] Revenues do not include PFC revenues, grants and other charges authorized by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, Senior Capitalized Interest, Subordinate Capitalized Interest, CFCs or Federal Direct Payments unless otherwise included in Revenues pursuant to a Supplemental Senior Indenture or a certificate of the Airport Authority; which has not occurred as of the date of this Official Statement.

Pledge of Net Revenues

The Senior Series 2023 Bonds are special obligations of the Airport Authority payable solely from and secured by a pledge of and first lien on Net Revenues. The Senior Series 2023 Bonds also are secured by a pledge of and lien on amounts held by the Senior Trustee in certain funds and accounts pursuant to the Senior Indenture, as further described herein..

"**Net Revenues**" are, for any given period, Revenues for such period, less all amounts which are required to be used to pay the Operation and Maintenance Expenses of the Airport System for such period. See "—Flow of Funds" above.

"**Operation and Maintenance Expenses of the Airport System**" are, for any given period, the total operation and maintenance expenses of the Airport System as determined in accordance with generally accepted accounting principles as in effect from time to time, excluding depreciation expense and any operation and maintenance expenses of the Airport System payable from moneys other than Revenues (including, but not limited to, any non-cash items that are required to be treated as operation and maintenance expenses of the Airport System in accordance with generally accepted accounting principles).

None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Senior Series 2023 Bonds, and neither the full faith and credit nor the taxing power of the Airport Authority, the City, the County, the State or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Senior Series 2023 Bonds.

Net Revenues are available for the equal and proportionate benefit and security of all Senior Bonds. The Senior Series 2023 Bonds are secured by a pledge of and lien on Net Revenues on parity with any Additional Senior Bonds issued in the future. See "—Additional Senior Bonds" below.

Senior Rate Covenant

(a) Under the Master Senior Indenture, the Airport Authority has covenanted that while any Senior Bonds remain Outstanding (but subject to all prior existing contracts and legal obligations of the Airport Authority), it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Net Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) the interest on and principal of the Outstanding Senior Bonds required to be funded by the Airport Authority in such Fiscal Year as required by the Master Senior Indenture or any Supplemental Senior Indenture with respect to the Outstanding Senior Bonds;

(ii) the required deposits to any Senior Debt Service Reserve Fund which may be established by a Supplemental Senior Indenture;

(iii) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Senior Indenture;

(iv) the interest on and principal of any indebtedness required to be funded during such Fiscal Year other than Senior Bonds, including the Subordinate Obligations; and

(v) payments of any reserve requirement for debt service for any indebtedness other than Senior Bonds, including the Subordinate Obligations.

(b) The Airport Authority has further agreed that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year Net Revenues will be equal to at least 125% of the total Senior Aggregate Annual Debt Service on the Outstanding Senior Bonds.

The Airport Authority has covenanted that if Net Revenues in any Fiscal Year are less than the amounts described in paragraphs (a) and (b) above, the Airport Authority will retain and direct a Consultant to make recommendations as to the revision of the Airport Authority's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Airport Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made the Airport Authority will take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to produce Net Revenues in the next succeeding Fiscal Year sufficient to comply with paragraphs (a) and (b) above.

In the event Net Revenues for any Fiscal Year are less than the amounts described in paragraphs (a) and (b) above, but the Airport Authority has promptly taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, fees and charges as described in the preceding paragraph, such deficiency in Net Revenues will not constitute an Event of Default under the Master Senior Indenture. However, if after taking the measures described in the preceding paragraph to revise the schedule of rentals, rates, fees and charges, Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Airport Authority for such Fiscal Year) are less than the amounts described in paragraphs (a) and (b) above, such deficiency in Net Revenues will constitute an Event of Default under the Master Senior Indenture.

Pursuant to the Master Senior Indenture, the Airport Authority may exclude from its calculation of Operation and Maintenance Expenses of the Airport System and Senior Aggregate Annual Debt Service with respect to the Senior Bonds, for the purpose of determining compliance with the rate covenant described above, the payment of Operation and Maintenance Expenses of the Airport System, and the payment of debt service or portions thereof on Senior Bonds whose debt service is payable, from amounts not included in Revenues, including, but not limited to PFC revenues, Federal Direct Payments, Senior Capitalized Interest and COVID-19 Federal Relief Funds. The exclusion of such Operation and Maintenance Expenses of the Airport System and debt service could result in higher debt service coverage ratios. In Fiscal Years 2020, 2021 and 2022, the Airport Authority used COVID-19 Federal Relief Funds to pay Operation and Maintenance Expenses of the Airport System and debt service on the prior outstanding Senior Series 2013 Bonds and the Existing Subordinate Obligations. Additionally, the Airport Authority has previously used and expects to use in the future, as applicable (a) PFC revenues to pay a portion of the debt service on the Subordinate Series 2019A Bonds, the Subordinate Series 2020 Bonds, the Subordinate Series 2021 Bonds, the Senior Series 2023 Bonds and Additional Senior Bonds and/or Additional Subordinate Obligations that are PFC Eligible Bonds, and (b) Senior Capitalized Interest to pay a portion of the interest on the Senior Series 2023 Bonds through July 1, 2025. The Airport Authority does not expect to use any PFCs to pay debt service on the Subordinate Series 2017 Bonds or the Subordinate Series 2019B Bonds. See "—Use of PFCs to Pay Debt Service," "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Passenger Facility Charges" and "CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources—Availability of PFCs" for additional information about the Airport Authority's expected use of PFC revenues. See also "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

Senior Reserve Fund

Pursuant to the Master Senior Indenture and the Fifth Supplemental Senior Indenture, the Airport Authority will establish a Senior Debt Service Reserve Fund (the "**Senior Reserve Fund**") to secure the

Senior Series 2023 Bonds and any Additional Senior Bonds for which the Airport Authority elects to participate in the Senior Reserve Fund. At the time of issuance of the Senior Series 2023 Bonds, no other Senior Bonds will be Outstanding and, therefore, no other Senior Bonds will be secured by the Senior Reserve Fund.

Except as otherwise provided in the Fifth Supplemental Senior Indenture, the Senior Reserve Fund is required to be funded at all times in an amount equal to the Senior Reserve Requirement. The "**Senior Reserve Requirement**" is equal to the lesser of (a) Senior Maximum Aggregate Annual Debt Service for all Series of Senior Bonds participating in the Senior Reserve Fund; (b) 10% of the principal amount of all Senior Bonds participating in the Senior Reserve Fund, less the amount of original issue discount with respect to such Senior Bonds if such original issue discount exceeded 2% on such Senior Bonds at the time of their original sale; and (c) 125% of the average Senior Aggregate Annual Debt Service for all Senior Bonds participating in the Senior Reserve Fund. At the time of issuance of the Senior Series 2023 Bonds, the Senior Reserve Requirement will be met by depositing a portion of the proceeds of the Senior Series 2023 Bonds into the Senior Reserve Fund. At the time of issuance of the Senior Series 2023 Bonds, the Senior Reserve Requirement will be equal to $____________.

The Senior Trustee will annually, on or about July 2 of each year and at such other times as the Airport Authority deems appropriate, value the Senior Reserve Fund. If, upon any valuation, the value of the Senior Reserve Fund exceeds the Senior Reserve Requirement, the excess amount, including investment earnings, will be withdrawn and deposited by the Senior Trustee into the respective Senior Debt Service Funds for each Series of Senior Bonds participating in the Senior Reserve Fund, pro rata based on outstanding par amounts for each Series of Senior Bonds participating in the Senior Reserve Fund, unless otherwise directed by the Airport Authority. If, upon any valuation, the value of the Senior Reserve Fund is less than the Senior Reserve Requirement, the Airport Authority will replenish such amounts within 12 months of the date of valuation.

In the event the Airport Authority elects to have Additional Senior Bonds participate in the Senior Reserve Fund, at the time of issuance of such Additional Senior Bonds or within twelve months of the date of issuance of such Additional Senior Bonds, the Airport Authority will deposit an amount in the Senior Reserve Fund sufficient to cause the amount on deposit in the Senior Reserve Fund to equal the Senior Reserve Requirement.

Moneys or investments held in the Senior Reserve Fund may only be used to pay the principal of and interest on the Senior Series 2023 Bonds and any Additional Senior Bonds the Airport Authority has elected to participate in the Senior Reserve Fund. Moneys and investments held in the Senior Reserve Fund are not available to pay debt service on any Senior Bonds for which the Airport Authority has decided will not participate in the Senior Reserve Fund or on the Subordinate Obligations. The Senior Reserve Fund may be drawn upon if the amounts in the respective Senior Debt Service Funds for the Senior Series 2023 Bonds and any Additional Senior Bonds participating in the Senior Reserve Fund, are insufficient to pay in full any principal or interest then due on the Senior Series 2023 Bonds and any Additional Senior Bonds participating in the Senior Reserve Fund. In the event any amounts are required to be withdrawn from the Senior Reserve Fund, such amounts will be withdrawn and deposited *pro rata* to meet the funding requirements of the Senior Debt Service Funds for the Senior Series 2023 Bonds and any Additional Senior Bonds participating in the Senior Reserve Fund.

The Airport Authority may fund all or a portion of the Senior Reserve Requirement with a Senior Reserve Fund Insurance Policy. A Senior Reserve Fund Insurance Policy may be an insurance policy, letter of credit, surety bond or other financial instrument deposited in the Senior Reserve Fund in lieu of or in partial substitution for cash or securities which is provided by an institution rated, at the time of issuance of such policy, in one of the two highest long term rating categories (without regard to any numerical modifier, plus or minus sign or other modifier). Any such Senior Reserve Fund Insurance Policy must either extend to the final maturity of the Series of Senior Bonds for which the Senior Reserve Fund Insurance Policy was issued, or the Airport Authority must agree, by Supplemental Senior Indenture, that the Airport Authority will replace such Senior Reserve Fund Insurance Policy prior to its expiration with another Senior Reserve Fund Insurance Policy or with cash. Any such Senior Reserve Fund Insurance Policy will be required to secure all of the Senior Bonds participating in the Senior Reserve Fund.

At the time of issuance of the Senior Series 2023 Bonds, the Senior Reserve Fund will be funded with cash and securities, and no portion of the Senior Reserve Fund will be funded with a Senior Reserve Fund Insurance Policy.

Additional Senior Bonds

Additional Senior Bonds may be issued under the Master Senior Indenture on a parity with the Senior Series 2023 Bonds, provided, among other things, that there is delivered to the Senior Trustee either:

(a) a certificate, dated as of a date between the date of pricing of the Senior Bonds being issued and the date of delivery of such Senior Bonds (both dates inclusive), prepared by an Authorized Authority Representative showing the Net Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Bonds or preceding the first issuance of the proposed Senior Program Bonds were at least equal to 125% of Senior Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds, Unissued Senior Program Bonds and the proposed Series of Senior Bonds, calculated as if the proposed Series of Senior Bonds and the full Authorized Amount of such proposed Senior Program Bonds, as applicable, were then Outstanding; or

(b) a certificate, dated as of a date between the date of pricing of the Senior Bonds being issued and the date of delivery of such Senior Bonds (both dates inclusive), prepared by a Consultant showing that:

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

(ii) for the period, if any, from and including the first full Fiscal Year following the issuance of such proposed Series of Senior Bonds through and including the last Fiscal Year during any part of which the amount of interest on such Series of Senior Bonds to be on deposit in the respective Senior Debt Service Fund or such other fund or account is expected to be funded from the proceeds thereof, the Consultant estimates that the Airport Authority will be in compliance with the rate covenant set forth in the Master Senior Indenture (see "—Senior Rate Covenant" above); and

(iii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Senior Bonds during which no interest on such Series of Senior Bonds to be on deposit in the respective Senior Debt Service Fund or such other fund or account is expected to be funded from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Senior Bonds; or (B) the third full Fiscal Year during which no amount of interest on such Series of Senior Bonds to be on deposit in the respective Senior Debt Service Fund or such other fund or account is expected to be funded from the proceeds thereof, the estimated Net Revenues for each such Fiscal Year, will be at least equal to 125% of the Senior Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Senior Bonds, Unissued Senior Program Bonds and calculated as if the proposed Series of Senior Bonds and the full Authorized Amount of such proposed Senior Program Bonds, as applicable, were then Outstanding.

The certificate described in (b) above is expected to be delivered by the Feasibility Consultant at the time of issuance of the Senior Series 2023 Bonds.

For purposes of clauses (b)(ii) and (iii) above, in estimating Net Revenues, the Consultant may take into account (1) Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided; (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the Airport Authority and will be in effect during the period for which the estimates are provided; and (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses of the Airport System, the Consultant may use such assumptions as the Consultant believes to be reasonable, taking into account: (x) historical Operation and Maintenance Expenses of the Airport System; (y) Operation and Maintenance Expenses of the Airport System associated with the Projects and any other new Airport Facilities; and (z) such other factors, including inflation and changing operations or policies of the Airport Authority, as the Consultant believes to be appropriate. The Consultant will include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues, and will also set forth the calculations of Senior Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants or the Authorized Authority Representative may rely upon financial statements prepared by the Airport Authority which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized Authority Representative will certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

Neither of the certificates described above in (a) or (b) will be required if:

(A) the Senior Bonds being issued are for the purpose of refunding then Outstanding Senior Bonds and there is delivered to the Senior Trustee, instead, a certificate of an Authorized Authority Representative showing that Senior Aggregate Annual Debt Service after the issuance of the Refunding Senior Bonds will not exceed the Senior Aggregate Annual Debt Service prior to the issuance of such Refunding Senior Bonds for each Fiscal Year;

(B) the Senior Bonds being issued constitute Senior Notes and there is delivered to the Senior Trustee, instead, a certificate prepared by an Authorized Authority Representative showing that the principal amount of the proposed Senior Notes being issued, together with the principal amount of any Senior Notes then Outstanding, does not exceed 10% of the Net Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Senior Notes and there is delivered to the Senior Trustee a certificate of an Authorized Authority Representative setting forth calculations showing that for each of the Fiscal Years during which the Senior Notes will be Outstanding, and taking into account the debt service becoming due on such Senior Notes, the Airport Authority will be in compliance with the rate covenant set forth in the Master Senior Indenture (see "—Senior Rate Covenant" above); or

(C) if the Senior Bonds being issued are to pay costs of completing a Project for which Senior Bonds have previously been issued and the principal amount of such Senior Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Senior Bonds originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of an Authorized Authority Representative and there is delivered to the Senior Trustee (1) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (2) a certificate of an Authorized Authority Representative to the effect that (y) all of the proceeds (including investment earnings on amounts in the construction fund allocable to such Project) of the original Senior Bonds issued to finance such Project have been or will be used to pay Costs of the Project and (z) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the construction fund established for the Project (including unspent proceeds of Senior Bonds previously issued for such purpose).

Use of PFCs to Pay Debt Service

The Aviation Safety and Capacity Expansion Act of 1990, as amended (the "**PFC Act**"), as implemented by the FAA pursuant to published regulations (the "**PFC Regulations**"), permits public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a $1.00, $2.00 or $3.00 PFC with certain qualifying airports permitted to charge a maximum PFC of $4.50. Under the PFC Act, the proceeds from PFCs are required to be used to finance eligible airport-related projects (including paying the debt service on bonds issued to finance such projects) that serve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers. The Airport Authority currently charges all enplaning passengers at SDIA a PFC of $4.50. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Passenger Facility Charges" for additional information about PFCs collected by the Airport Authority.

The definition of Revenues does not include PFCs, except to the extent included in Revenues pursuant to a Supplemental Senior Indenture or a certificate of any Authorized Authority Representative, which has not occurred to date. However, pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture, if PFCs have been irrevocably committed or are held by the Senior Trustee and/or the Subordinate Trustee, as the case may be, or another fiduciary and are to be set aside exclusively to be used to pay principal of and/or interest on specified Senior Bonds and/or Subordinate Obligations, as applicable, then such principal and/or interest may be excluded from the calculation of aggregate annual debt service on such specified Senior Bonds and/or Subordinate Obligations, as applicable; thus decreasing aggregate annual debt service on the Senior Bonds and/or the Subordinate Obligations, and increasing debt service coverage for purposes of the rate covenants and the additional bonds tests under the Master Senior Indenture and the Master Subordinate Indenture, as applicable. As of the date of this Official Statement, the Airport Authority has not irrevocably committed any PFCs to the payment of debt service on Senior Bonds and/or Subordinate Obligations.

Even though PFCs are not included in Revenues and the Airport Authority has not irrevocably committed any PFCs to the payment of debt service on the Senior Bonds or the Subordinate Obligations, the Airport Authority has in the past, and expects to in the future, use PFCs to pay debt service on certain PFC Eligible Bonds. "**PFC Eligible Bonds**" are Senior Bonds and Subordinate Obligations the principal of and/or interest on which may be paid with PFCs pursuant to the provisions of the PFC Act. In Fiscal

Year 2024, the Airport Authority used and expects to use, as the case may be, approximately $[__] million of PFCs to pay debt service on certain PFC Eligible Bonds (a portion of the Subordinate Series 2019A Bonds, a portion of the Subordinate Series 2020 Bonds and a portion of the Subordinate Series 2021 Bonds). Additionally, in the Financial Feasibility Report, the Feasibility Consultant has assumed that PFCs will be used to pay portions of the debt service on the Subordinate Series 2019A Bonds, the Subordinate Series 2020 Bonds, the Subordinate Series 2021 Bonds, the Senior Series 2023 Bonds and Additional Senior Bonds and Additional Subordinate Obligations that are issued to finance portions of the New T1 and that are Eligible PFC Bonds. Consequently, debt service on Senior Bonds and Subordinate Obligations paid with PFCs is excluded from the calculation of the rate covenants for the Senior Bonds and the Subordinate Obligations, which results in higher debt service coverage ratios. The Airport Authority does not expect to use any PFCs to pay debt service on the Subordinate Series 2017 Bonds or the Subordinate Series 2019B Bonds. See also "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for the Capital Program—Passenger Facility Charges," and "CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources—Availability of PFCs."

Permitted Investments

Moneys and funds held by the Airport Authority that are subject to the provisions of the Master Senior Indenture and/or the Subordinate Indenture will be invested in Senior Permitted Investments and Subordinate Permitted Investments, subject to any restrictions set forth in the Master Senior Indenture and the Subordinate Indenture, respectively, and subject to restrictions imposed upon the Airport Authority. Moneys and funds held by the Subordinate Trustee under the Subordinate Indenture, including moneys in the respective Subordinate Debt Service Funds (and the accounts therein) and in the Subordinate Reserve Fund, may be invested as directed by the Airport Authority in Subordinate Permitted Investments, subject to the restrictions set forth in the Subordinate Indenture, and subject to restrictions imposed upon the Airport Authority. See "FINANCIAL INFORMATION—Summary of Financial Operations—Investment Practices."

Senior Events of Default and Remedies; No Acceleration

Events of Default under the Senior Indenture and related remedies are described in "APPENDIX C-2—SUMMARY OF MASTER SENIOR INDENTURE—Senior Defaults and Remedies." The occurrence of a Senior Event of Default under the Senior Indenture (or a Subordinate Event of Default under the Subordinate Indenture) does not grant any right to accelerate payment of the Senior Bonds (including the Senior Series 2023 Bonds) or the Subordinate Obligations to either the Senior Trustee or the Subordinate Trustee, or the Holders of the Senior Bonds (including the Senior Series 2023 Bonds) or the Subordinate Obligations. The Senior Trustee is authorized to take certain actions upon the occurrence of a Senior Event of Default under the Senior Indenture, including proceedings to enforce the obligations of the Airport Authority under the Senior Indenture. If there is a Senior Event of Default under the Senior Indenture, payments, if any, on the Senior Bonds will be made after Operation and Maintenance Expenses of the Airport System.

OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE

No Outstanding Senior Bonds

As of the date of the Official Statement, the Airport Authority has no outstanding Senior Bonds.

Outstanding Subordinate Obligations

Existing Subordinate Bonds. The following table sets forth the principal amounts and final maturity dates of the Existing Subordinate Bonds as of September 1, 2023.

TABLE 4
San Diego County Regional Airport Authority
Existing Subordinate Bonds
(as of September 1, 2023)

Existing Subordinate Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 2017A	$ 146,040,000	$ 131,055,000	7/1/2047
Series 2017B	145,170,000	129,955,000	7/1/2047
Series 2019A	338,775,000	329,225,000	7/1/2049
Series 2019B	124,905,000	119,265,000	7/1/2049
Series 2020A	26,145,000	19,900,000	7/1/2040
Series 2020B	189,090,000	155,430,000	7/1/2040
Series 2020C	26,405,000	21,905,000	7/1/2040
Series 2021A	495,315,000	495,315,000	7/1/2056
Series 2021B	1,089,260,000	1,089,260,000	7/1/2056
Series 2021C[1]	357,170,000	330,945,000	7/1/2043
Total	$2,938,275,000	$2,822,255,000	

[1] See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS—Tender and Purchase of Subordinate Series 2021C Bonds" for a discussion of the Airport Authority's invitations to bondholders of [certain of] the Subordinate Series 2021C Bonds to tender their bonds to the Airport Authority for purchase and cancellation.
Source: San Diego County Regional Airport Authority

Subordinate Revolving Obligations. Pursuant to the Master Subordinate Indenture, the Eighth Supplemental Subordinate Indenture and the Subordinate Credit Agreement, the Airport Authority is authorized to issue and have outstanding, from time to time, up to $200,000,000 in aggregate principal amount of Subordinate Revolving Obligations. As of September 1, 2023, the Airport Authority had $80,100,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. As described under "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS—General," the Airport Authority expects to repay all of the outstanding Subordinate Revolving Obligations with a portion of the proceeds of the Senior Series 2023 Bonds.

All Subordinate Revolving Obligations issued by the Airport Authority are purchased by the Subordinate Revolving Obligations Bank (Bank of America, N.A.) in accordance with the terms of the Subordinate Credit Agreement. Except as otherwise provided in the Subordinate Credit Agreement, the principal of all Subordinate Revolving Obligations outstanding pursuant the Master Subordinate Indenture, the Eighth Supplemental Subordinate Indenture and the Subordinate Credit Agreement are due and payable on July 19, 2024. However, subject to the terms of the Subordinate Credit Agreement, on July 19, 2024, the Airport Authority can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable in four equal quarterly installments beginning 90 days following July 19, 2024, with the final payment being due on July 19, 2025.

Debt Service Requirements

The following table sets forth the debt service requirements on the Senior Series 2023 Bonds and the Existing Subordinate Bonds.

TABLE 5
San Diego County Regional Airport Authority
Debt Service Requirements for Senior Series 2023 Bonds and Existing Subordinate Bonds[1]

Year Ended July 1	Senior Series 2023A Bonds[2,] Principal	Senior Series 2023A Bonds[2,] Interest[3]	Senior Series 2023B Bonds[2,] Principal	Senior Series 2023B Bonds[2,] Interest[4]	Total Debt Service for Senior Series 2023 Bonds	Total Debt Service for Existing Subordinate Bonds[5,6,]	Total Debt Service for Senior and Subordinate Bonds
2024						$171,245,141	
2025						164,602,520	
2026						157,935,719	
2027						157,950,719	
2028						157,953,719	
2029						157,950,969	
2030						158,443,219	
2031						177,409,827	
2032						178,446,093	
2033						178,542,729	
2034						179,819,547	
2035						183,450,755	
2036						183,507,683	
2037						183,561,439	
2038						183,612,527	
2039						183,657,041	
2040						183,741,286	
2041						183,171,000	
2042						183,169,775	
2043						183,161,627	
2044						152,835,750	
2045						152,840,800	
2046						152,844,200	
2047						152,835,000	
2048						134,516,500	
2049						134,517,500	
2050						120,746,000	
5051						120,745,500	
5052						148,111,250	
2053						148,100,500	
2054						148,104,750	
2055						148,104,750	
2056						148,106,500	
Total						$5,353,742,335	

1 Numbers may not total due to rounding to nearest dollar.

2 The Senior Series 2023 Bonds have a lien on Net Revenues. [Principal of and interest on the Senior Series 2023 Bonds does not reflect the application of PFCs to the payment of debt service on the Senior Series 2023 Bonds].

3 Includes a portion of the interest on the Senior Series 2023A Bonds through July 1, 2025 to be paid from a portion of the proceeds of the Senior Series 2023A Bonds.

4 Includes a portion of the interest on the Senior Series 2023B Bonds through July 1, 2025 to be paid from a portion of the proceeds of the Senior Series 2023B Bonds.

5 The Subordinate Obligations (including the Existing Subordinate Bonds and the Subordinate Revolving Obligations) have a lien on Subordinate Net Revenues. Principal of and interest on the Existing Subordinate Bonds does not reflect the application of PFCs to the payment of debt service on the Existing Subordinate Bonds. Includes a portion of the interest on the Subordinate Series 2021A Bonds and the Subordinate Series 2021B Bonds through July 1, 2025 to be paid from a portion of the proceeds of the Subordinate Series 2021A Bonds and the Subordinate Series 2021B Bonds. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS—Tender and Purchase of Subordinate Series 2021C Bonds."

6 Debt Service on the Subordinate Revolving Obligations (which may be outstanding from time to time in an aggregate principal amount of up to $200 million at any one time) is not reflected in this table. As of September 1, 2023, $80,100,000 aggregate principal amount of Subordinate Revolving Obligations were outstanding. At the time of issuance of the Senior Series 2023 Bonds, the Airport Authority expects to repay all of the outstanding Subordinate Revolving Obligations with a portion of the proceeds of the Senior Series 2023 Bonds.

Source: San Diego County Regional Airport Authority; and Frasca & Associates, LLC (only with respect to debt service on the Senior Series 2023 Bonds).

Future Financings

After the issuance of the Senior Series 2023 Bonds, the Airport Authority expects to issue approximately $[•] million in aggregate principal amount of Additional Senior Bonds and/or Additional Subordinate Obligations between Fiscal Years 2025 and 2026 to finance additional costs of the New T1. The dates of issuance of the Additional Senior Bonds and/or Additional Subordinate Obligations to finance additional costs of the New T1 will be dependent on when the Airport Authority needs additional funds to finance the design and construction of the New T1. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—New T1" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT." Additionally, the Airport Authority continuously evaluates refunding opportunities and, when economically beneficial, may refund one or more Series of Senior Bonds and/or Subordinate Obligations.

Other Obligations

***Lease Commitments*.**

Operating Leases. In connection with the Transfer, the Airport Authority entered into several lease agreements with the Port District pursuant to which the Airport Authority is leasing certain properties from the Port District. The Airport Authority is leasing from the Port District the land used for SDIA for $1 per year, for 66 years, through December 31, 2068. In addition, the Airport Authority leases from the Port District 90.67 acres of the former General Dynamics property on Pacific Highway adjacent to SDIA for 66 years commencing January 1, 2003 (the "**General Dynamics Lease**"). The General Dynamics Lease calls for rent payments of $6,826,656 annually through December 31, 2068. A portion of the land is leased back to the Port District for employee parking for Port District administration building employees and is leased back by the Port District at the same fair market unit value per square-foot as paid by the Airport Authority. The Airport Authority and the Port District also have entered into a lease for 47.54 acres on North Harbor Drive (the "**TDY Property**"), commencing January 1, 2005 and expiring December 31, 2068 (the "**TDY Lease**"). The Airport Authority pays the Port District $3 million annually to lease the TDY Property.

In addition to the General Dynamics Lease and the TDY Lease, the Airport Authority has entered into several other operating leases, including the following:

- The Airport Authority entered into a lease with the Port District, commencing September 1, 2006, for property located at 2415 Winship Lane, known as the "Sky Chef" property. The term of the lease is 60 years with $350,000 in annual rental.

- The Airport Authority entered into a lease with the Port District, commencing June 1, 2021, for property located at 2535 Pacific Highway. The term of the lease is 20 years with $314,490 in annual rental payments for the first five years with Consumer Price Index adjustments each subsequent 5 year lease period. The Airport Authority is using this property for parking of its shuttle fleet.

- The Airport Authority entered into a lease with the Port District, commencing June 1, 2021, for property located on the east side of Harbor Island Drive. The term of the lease is 51 months with $966,264 in annual rental payments. The Airport Authority is using this property for construction parking.

- The Airport Authority entered into a lease with the Port District, commencing June 1, 2021, for property located at 3032 North Harbor Drive. The term of the lease is 5 years with an option to extend for 2 additional one-year periods, with $406,560 in annual rental payments.

The Airport Authority is using this property for temporary construction trailers and parking during construction of the New T1.

- On July 13, 2023, the Board authorized the President and CEO to enter into a lease for 45 years and 4-months with the Port District for approximately 28,519 square feet of land located on North Harbor Drive in support of the on-Airport roadway components of the New T1. Annual rental payments are expected to be $95,538 for the first five years with Consumer Price Index adjustments each subsequent 5-year lease period.

As of July 1, 2023, the Airport Authority estimated that its future rental commitments under the operating lease agreements described above will be in the amounts described in the following table.

TABLE 6
San Diego County Regional Airport Authority
Future Rental Commitments

Fiscal Year	Rental Payments
2024	
2025	
2026	
2027	
2028	
2029-2033	
2034-2038	
2039-2043	
2044-2048	
2049-2053	
2054-2058	
2059-2063	
2064-2069	
2070-2072	
Total	

Source: San Diego County Regional Airport Authority

Under current law, in the event SDIA is relocated and the current location is no longer used by SDIA for airport purposes, all of the Airport Authority's leases with the Port District would terminate and the right to use the property subject to those leases would revert to the Port District. See "CERTAIN INVESTMENT CONSIDERATIONS—State Tidelands Trusts."

Lease payments pursuant to the Airport Authority's operating lease agreements constitute Operation and Maintenance Expenses of the Airport System, and thus payment thereof is senior in priority to payment of the Senior Bonds (including the Senior Series 2023 Bonds) and the Subordinate Obligations.

RDC Installment Purchase Agreement. The Airport Authority and AFCO CRDC SAN LLC ("**AFCO**") entered into an Installment Purchase Agreement, dated March 15, 2011 (the "**RDC Installment Purchase Agreement**"), pursuant to which AFCO agreed to design, build and finance a receiving and distribution center ("**RDC**") at SDIA, and the Airport Authority agreed to lease the RDC from AFCO for a term of 20 years commencing in November 2012 (the date of completion of the RDC). The RDC is a 21,000 square-foot building that provides a single receiving point for most goods delivered to SDIA. Distribution of these goods to various locations at SDIA is conducted by a single delivery service provided by Bradford Logistics. Pursuant to the RDC Installment Purchase Agreement, the Airport Authority pays AFCO a monthly installment payment of $73,108. The installment payments are payable from any legally available moneys of the Airport Authority after the payment of the Operation and Maintenance Expenses of the Airport System, the debt service and reserve fund requirements on the Senior Bonds (including the Senior Series 2023 Bonds) and the Subordinate Obligations, and the required deposits to the Operation and Maintenance Reserve Subaccount and the Renewal and Replacement Subaccount.

Special Facility Obligations. Pursuant to the Master Senior Indenture, the Airport Authority may designate an existing facility or a planned facility as a "**Special Facility**" and may incur indebtedness in order to acquire, construct, renovate or improve such facility or to finance the acquisition, construction, renovation or improvement thereof by a third party. Additionally, the Airport Authority may provide that all contractual payments derived by the Airport Authority from such Special Facility, together with other income and revenues available therefrom (but only to the extent such payments, income and revenue are necessary to make the payments of principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Airport Authority and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due), will constitute "**Special Facilities Revenue**" and will not be included in Revenues, Net Revenues or Subordinate Net Revenues. Such indebtedness will constitute a "**Special Facility Obligation**" and will be payable solely from the Special Facilities Revenue. When Special Facility Obligations issued for a Special Facility are fully paid or otherwise discharged, all revenues received by the Airport Authority from such facility will be included as Revenues. To the extent Special Facility Revenues exceed the amounts required to pay the principal of and interest on Special Facility Obligations when due, to the extent not otherwise encumbered, the excess may constitute Revenues as determined by the Airport Authority.

In February 2014, the Airport Authority issued $305,285,000 aggregate principal amount of its Senior Special Facilities Revenue Bonds (Consolidated Rental Car Facility Project) Series 2014A and Series 2014B (the "**Series 2014 Special Facilities Bonds**") to finance a portion of the costs of the development and construction of a consolidated rental car facility (the "**Rental Car Center**") and related improvements at SDIA. As of September 1, 2023, the Series 2014 Special Facilities Bonds were outstanding in the aggregate principal amount of $269,015,000. The Series 2014 Special Facilities Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of (a) the CFCs collected by the rental car companies operating at SDIA, (b) under certain circumstances, "**Bond Funding Supplemental Consideration**" payable by the rental car companies operating at SDIA, and (c) certain funds and accounts. *The Series 2014 Special Facility Bonds are not, in any way, secured by, or payable from, Revenues*. See "SAN DIEGO INTERNATIONAL AIRPORT—Existing Facilities" and "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES—Rental Car Agreements."

Senior and Subordinate Repayment Obligations. Under certain circumstances, the obligation of the Airport Authority, pursuant to a written agreement, to reimburse the provider of a Credit Facility or a Liquidity Facility (a "**Repayment Obligation**") may be secured by a pledge of and lien on Net Revenues on parity with the Senior Bonds (including the Senior Series 2023 Bonds) or secured by a pledge of and lien on the Subordinate Net Revenues on parity with the Subordinate Obligations. If a Credit Provider or Liquidity Provider advances funds to pay principal of or purchase Senior Bonds, all or a portion of the Airport Authority's Senior Repayment Obligation may be afforded the status of a Senior Bond under the Senior Indenture. If a Credit Provider or Liquidity Provider advances funds to pay principal of or purchase Subordinate Obligations, all or a portion of the Airport Authority's Subordinate Repayment Obligation may be afforded the status of a Subordinate Obligation under the Subordinate Indenture. As of the date of this Official Statement, the Airport Authority has no outstanding Senior Repayment Obligations or Subordinate Repayment Obligations. See "APPENDIX C-2—SUMMARY OF MASTER SENIOR INDENTURE—Senior Repayment Obligations Afforded the Status of Senior Bonds" and "APPENDIX C-3—SUMMARY

OF MASTER SUBORDINATE INDENTURE—Subordinate Repayment Obligations Afforded the Status of Subordinate Obligations."

THE AIRPORT AUTHORITY

General

The Port District operated SDIA from 1963 until December 31, 2002. Pursuant to the Act, the California Legislature created the Airport Authority and transferred, by long-term lease, the operations of SDIA to the Airport Authority effective January 1, 2003.

The Airport Authority is vested with four principal responsibilities: (a) operating the Airport System (the main asset of which is SDIA); (b) planning and operating any future airport that could be developed as a supplement or replacement to SDIA; (c) developing comprehensive land use compatibility plans as they may relate to the Airport System for the entire County; and (d) serving as the region's airport land use commission.

Board of Directors

The Airport Authority is governed by a nine-member board of directors, with two or more additional members serving as non-voting, *ex-officio* board members. Board members serve three-year terms. Three members of the Board serve as the Executive Committee. Pursuant to the Act, the members of the Board are appointed as follows: the Mayor of the City San Diego appoints three members (two of which are subject to confirmation by the San Diego City Council); the Chair of the Board of Supervisors of the County appoints two members (subject to confirmation by the Board of Supervisors of the County); the mayors of the east county cities (El Cajon, La Mesa, Lemon Grove and Santee) appoint one member; the mayors of the north county coastal cities (Carlsbad, Del Mar, Encinitas, Oceanside and Solana Beach) appoint one member; the mayors of the north county inland cities (Escondido, Poway, San Marcos and Vista) appoint one member; and the mayors of the south county cities (Chula Vista, Coronado, Imperial Beach and National City) appoint one member. The Board also consists of two non-voting, *ex-officio* members, the District Director of the State Department of Transportation for the San Diego region and the State Department of Finance representative for the State Lands Commission, both of whom are appointed by the Governor. The Board also may provide for additional non-voting, *ex-officio* members, including, but not limited to, representatives of the United States Navy and the United States Marine Corps.

The current members of the Board are set forth below. [There is currently one vacancy on the Board.]

Board Members	Occupation	Appointing Authority	Current Term Expires
Executive Committee			
Guillermo "Gil" Cabrera (Chair)	Attorney	Mayor, City of San Diego	January 31, 2024
Mary Casillas Salas (Vice Chair)	Former Mayor, Chula Vista	Mayors, South County Cities	January 31, 2024
Rafael Perez	Realtor	Chair, San Diego County Board of Supervisors	January 31, 2026
General Members			
Lidia S. Martinez	Partner, Adelante Strategies	Mayor, City of San Diego	January 31, 2026
Paul McNamara	Former Mayor, City of Escondido	Mayors, North County Inland City Mayors	January 31, 2024
Esther Sanchez	Mayor, City of Oceanside	Mayors, North County Coastal Cities	January 31, 2026
James Sly	President/CEO, East County Economic Development Council	Mayors, East County Cities	January 31, 2025
Marni von Wilpert	Councilmember, City of San Diego	Mayor, City of San Diego	January 31, 2025
Ex-Officio Members			
Colonel Thomas M. Bedell	Commander, Marine Corps Air Station Miramar	United States Navy/United States Marine Corps	N/A
Gustavo Dallarda	District Director for the California Department of Transportation, San Diego Region	Governor, State of California	N/A
Gayle Miller	Chief Deputy Director, Policy at the Department of Finance, State of California	Governor, State of California	N/A

The fundamental powers and functions of the Airport Authority are established by the Act. The Act empowers the Board to adopt more specific rules to guide the conduct of the Board, officers and employees of the Airport Authority, and those persons and entities that interact with the Airport Authority or utilize the premises and property of the Airport Authority. The Board has exercised that power by adopting codes that govern and regulate the conduct of persons, organizations and other third parties that use the facilities under the Airport Authority's jurisdiction; and policies that address the Airport Authority's internal operations and governance.

Pursuant to its policies, the Board has established the following standing committees with the following functions:

Audit Committee. The Audit Committee serves as a guardian of the public trust, acting independently and charged with oversight responsibilities for reviewing the Airport Authority's internal controls, financial reporting obligations, operating efficiencies, ethical behavior and regular attention to cash flows, capital expenditures, regulatory compliance and operations. In addition to the Board members that serve on the Audit Committee, three members of the public, appointed by the Board, serve on the Audit Committee. The Audit Committee's responsibilities are as follows: (a) review regularly the Airport

Authority's accounting, audit and performance monitoring processes; (b) at the time of renewal, recommend to the Executive Committee and the full Board its nomination for an external auditor and the compensation of the auditor, and consider at least every three years, whether there should be a rotation of the audit firm or the lead audit partner to ensure continuing auditor independence; (c) advise the Executive Committee and the Board regarding the selection of the auditor; (d) be responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, Airport Authority policies and procedures; (e) be responsible for overseeing the annual audit by the external auditors and internal audits; and (f) make recommendations to the full Board with regard to all of the foregoing.

Executive Committee. The Executive Committee is responsible for overseeing the implementation of the administrative policy of the Airport Authority. The Executive Committee members may not be included in the direct operation of the facilities and the airports under the jurisdiction of the Airport Authority, nor may they be included in the chain of command for purposes of emergency procedures. The Executive Committee is required to conduct monthly meetings with the President/CEO and their staff to review the operations of the Airport Authority. Any policy recommendation from the Executive Committee must be forwarded to the Board for consideration at a public meeting of the Board.

Executive Personnel and Compensation Committee. The Executive Personnel and Compensation Committee evaluates the President/CEO, Chief Auditor and General Counsel and makes recommendations to the Board concerning their compensation. The Executive Personnel and Compensation Committee also reviews and makes recommendations regarding Board Member compensation.

Finance Committee. The Finance Committee is established to oversee the financial performance and condition of the Airport Authority and review the operating and capital budget and financial plan, and major financial policies or actions of the Airport Authority. The Finance Committee is required to meet at least quarterly each year.

Capital Improvement Program Oversight Committee. The Capital Improvement Program Oversight Committee oversees the implementation of the Capital Improvement Program, which includes the investigation and evaluation of the physical/functional, financial, environmental, community aspects, intergovernmental coordination, and public communication/outreach related to all Capital Improvement Program activities.

All committee appointments are for a one-year term. The Board may establish or maintain additional Board committees from time to time as necessary or appropriate in accordance with the Airport Authority's policies.

Executive Management

Kimberly J. Becker, President and CEO. Kimberly J. Becker was appointed President and CEO of the Airport Authority on May 1, 2017. As President/CEO, Ms. Becker is responsible for the fiscal and operating management and oversight of the Airport Authority and SDIA and the Airport Authority's annual operating budget and five-year capital budget. Prior to joining the Airport Authority, Ms. Becker served as Director of Aviation for the Norman Y. Mineta San José International Airport ("**San José International Airport**") from 2013 to 2017. Prior to being appointed the Director of Aviation for San José International Airport, she was appointed the Chief Operating Officer for the San José International Airport in 2011, and the Assistant Director of Aviation at San José International Airport in 2008. Ms. Becker's career in aviation and airport management spans more than 30 years and has included operations and environmental positions at Lockheed Air Terminal in Burbank, California, and Teterboro Airport in New Jersey. Currently, she serves as a board member for the San Diego Chamber of Commerce and the Kyoto Symposium

Organization. Ms. Becker is an executive committee member for the San Diego Regional Economic Development Corporation and the Immediate Past-Chair of the San Diego Tourism Authority. Ms. Becker is actively engaged with ACI, for which she serves on the Board of Directors and as a U.S. Policy Council member. Additionally, she serves as Vice-Chair on ACI's Board for Large Hub, and as Board Liaison to ACI's Commercial Management Committee. Ms. Becker is the Current Topics Chair of Gateway Airports Council, a Policy Review committee member of the American Association of Airport Executives, and serves on the Board of Directors of California Airports Council. Ms. Becker holds a bachelor's degree in business administration from Indiana University of Pennsylvania, and a master's degree in business administration/aeronautics from Embry-Riddle Aeronautical University, in Daytona Beach, Florida.

Scott M. Brickner, Vice President, Chief Financial Officer. Scott Brickner is the Vice President, Chief Financial Officer of the Airport Authority. He currently leads the Airport Authority's Accounting, Airline Relations, Finance, Risk Management, Information Technology and Procurement functions. Prior to joining the Airport Authority in 2009, Mr. Brickner held various senior management positions in the private sector. He serves on the Board of the San Diego Chapter of Financial Executives International ("**FEI**") and previously served on the Finance Steering Committee of ACI. Mr. Brickner is a recipient of the San Diego Business Journal's CFO of the Year award for 2023 and 2016. In 2019, he was named ACI's Financial Professional of the Year for large hub airports and was also nominated for FEI's Financial Executive of the Year. Mr. Brickner received a Bachelor of Business Administration from Benedictine College in Kansas, an MBA from St. Louis University, and has an active CPA license in the State of California.

Angela Shafer-Payne, Vice President, Chief Development Officer. Angela Shafer-Payne is the Vice President, Chief Development Officer of the Airport Authority. Ms. Shafer-Payne oversees Planning & Environmental Compliance, Quieter Home Program and Airport Design and Construction. She has been with SDIA since 1995, during which time she has held various leadership positions, including being the Vice President, Chief Operations Officer prior to her current position. One of Ms. Shafer-Payne's most notable achievements was her instrumental role in establishing and setting up the Airport Authority, effectually separating SDIA from its previous owner, the Port District. She has a bachelor's degree in Business Administration with a concentration in Aeronautical Studies and Meteorology from the University of North Dakota. She also holds an Instrument Rated pilot license.

Rick Francis, Vice President, Chief Operations Officer. Rick Francis is the Vice President, Chief Operations Officer of the Airport Authority. Mr. Francis is responsible for setting the strategic direction for airside and terminal operations, aviation security and public safety, ground transportation, and facilities maintenance functions at SDIA. He joined the Airport Authority in 2022 after spending six years at John Wayne Airport, including the most recent one as Interim Airport Director. Prior to his work in the airport industry, Mr. Francis served as the Assistant City Manager for the City of Costa Mesa, providing leadership and supervision for the executive management team. In conjunction with the City Manager, he was instrumental in the planning of strategic long-range goals and implementation of departmental programs. Before joining the City of Costa Mesa, Mr. Francis served as Chief of Staff for Orange County Supervisor John Moorlach, whose district included John Wayne Airport, reviewing policy, budget, and development at the airport for the County Supervisor's Office. Mr. Francis holds a Bachelor of Arts in Religious Education from the Vanguard University of Southern California and a Master of Arts in Public Administration from American Public University.

Hampton Brown, Vice President, Chief Revenue Officer. Hampton Brown is the Vice President, Chief Revenue Officer of the Airport Authority. Mr. Brown oversees the Revenue Generation, Business Intelligence Marketing, Arts and Air Service Development functions of the Airport Authority. Prior to joining the Airport Authority in 2004, Mr. Brown was in private sector aviation consulting and project logistics planning for the telecommunications industry. He holds a Bachelor of Arts degree from Allegheny

College and a master's degree from the University of Maryland. He also attended the Universität Würzburg where he passed the PNdS German proficiency examination. Mr. Brown also has graduated from the joint ACI International Civil Aviation Organization Airport Management Accreditation program.

Lee Parravano, Chief Auditor. Lee Parravano is the Chief Auditor for the Airport Authority. Prior to joining the Airport Authority on April 4, 2018, Mr. Parravano served for five years as the Internal Auditor at the San Diego City Employees' Retirement System, the Airport Authority's pension plan administrator. He also worked as a senior audit manager for 11 years for the accounting, audit, and tax management advisory firm formally known as White Nelson Diehl Evans (now CliftonLarsonAllen). With over 20 years of auditing experience, Mr. Parravano's professional skills include fraud investigations, compliance audits, performance audits, financial audits, consulting, and information technology analysis. He holds a Bachelor of Arts degree with a major in business economics from the University of California Santa Barbara and is a licensed Certified Public Accountant, a Certified Internal Auditor, a Certified Fraud Examiner, and a Chartered Global Management Accountant.

Amy Gonzalez, General Counsel. Amy Gonzalez serves as the General Counsel for the Airport Authority. She has served as an attorney representing the Airport Authority since 2003. Prior to joining the Airport Authority, Ms. Gonzalez served as a Deputy City Attorney for the Department of Airports of the City of Los Angeles, California, operator of Los Angeles International Airport, Van Nuys and Palmdale Regional Airports. She has over 20 years of experience representing public entities, and, for the past 21 years, her practice has specialized in airport matters dealing with aircraft noise, rates and charges, transportation, the environment, eminent domain, contracts, concessions, revenue diversion and real property. Ms. Gonzalez graduated from St. Louis University and received a Juris Doctor from Pepperdine University School of Law. She is an adjunct professor of law at the University of San Diego School of Law.

Employees and Labor Relations

The Airport Authority employs approximately 403 full-time employees. Approximately 120 of these employees (primarily maintenance workers, airport traffic officers and certain supervisors) are members of the Teamsters Local 911 labor union. Labor relations with respect to those 120 employees are governed by a labor agreement between the Airport Authority and Teamsters Local 911, which will expire on September 30, 2027.

The Airport Authority has never experienced any disruption in its operations due to labor related matters.

SAN DIEGO INTERNATIONAL AIRPORT

Introduction

SDIA is located approximately three miles northwest of downtown San Diego on 661 acres of land. SDIA is bounded by San Diego Bay, military facilities and residential areas. Dedicated on August 16, 1928, SDIA was originally named "San Diego Municipal Airport—Lindbergh Field." SDIA gained international airport status in 1934 when it became the first federally certified airfield to serve all aircraft types, including seaplanes. World War II brought significant change to the airfield when the U.S. Army Air Corps took it over in 1942 to support the war effort. The infrastructure of SDIA was improved to handle the heavy bombers being manufactured in the region during the war. This transformation, including an 8,750-foot runway (now 9,401 feet), made SDIA jet-ready long before jet passenger planes came into widespread service.

SDIA is located on land leased from the Port District. The leases for most of the land leased from the Port District expire in 2068. The land upon which SDIA is located is held in trust by the Port District pursuant to certain tideland land grants from the State to the Port District. Under current law, in the event SDIA is relocated and the current location is no longer used by the Airport Authority for airport purposes, all of the Airport Authority's leases with the Port District would terminate and the right to use the property subject to those leases would revert to the Port District.

According to ACI statistics, SDIA is the busiest single-runway commercial airport in the United States based on passenger levels. SDIA is classified by the FAA as a "large air traffic hub" (an airport that enplanes over 1.0% of the total domestic passengers in the United States). As of June 30, 2023, SDIA handled air transportation for 16 passenger airlines. In Fiscal Year 2023, SDIA enplaned approximately 11.9 million passengers (which represented an approximately 19.2% increase in enplaned passengers from Fiscal Year 2022). For each of the calendar years ended December 31, 2021 and December 31, 2022, approximately 98% of the passengers using SDIA were O&D passengers. According to ACI statistics, for each of the calendar years ended December 31, 2021 and December 31, 2022, SDIA was ranked as the 25th busiest airport in the country as measured by total number of enplaned and deplaned passengers.

Pursuant to the Act, the Airport Authority was required to study alternative sites for relocating SDIA and proposing a county-wide ballot measure regarding the relocation of SDIA. After a thorough study, the Airport Authority concluded that the best alternative for relocating SDIA was to obtain approximately 3,000 acres at Marine Corps Air Station-Miramar and to construct a new airport on this site. In November 2006, the voters of the County voted against the Airport Authority's proposal to move SDIA to Marine Corps Air Station-Miramar. At this time, the Board does not plan to pursue relocation of SDIA from its current location.

Existing Facilities

Airfield. The existing airfield consists of one east-west runway (Runway 9/27), which is 9,401 feet long and 200 feet wide. Runway 9/27 has sufficient capacity and is of sufficient strength to permit the operation of most existing commercial aircraft, including most large widebody aircraft. However, natural and man-made obstructions, including rising terrain, trees and buildings to the west and east of SDIA limit the effective length of the runway for certain aircraft. This limitation reduces range and/or payload capability depending on the aircraft type and the operating rules of a given carrier. Each aircraft is different with respect to, among other things, its empty weight, engine type, thrust variant, desired payload capability, and desired range. For example, the Boeing 787 is not affected by these runway limitations due to improved airfield performance capabilities. Runway 9/27 is equipped with high-intensity runway lighting and supports both precision and non-precision approaches. SDIA has a system of taxiways leading to and from the terminal area on the south side of SDIA, and to and from the north side of SDIA which is used by cargo and general aviation aircraft. See "CERTAIN INVESTMENT CONSIDERATIONS—Restrictions on Airport Facilities and Operations." See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—New T1" for a discussion of the construction of certain airfield projects associated with the New T1 program.

Terminal Facilities. Passenger services at SDIA are currently located in two terminals, Terminal 1 and Terminal 2 (consisting of Terminal 2 East and Terminal 2 West). Prior to the start of construction of the New T1 program, Terminals 1 and 2 provided a total of 51 aircraft gates. The existing Terminal 1, the oldest terminal at the Airport, was opened in 1967 and renovated in 1994 and 1997. Terminal 1 is approximately 257,500 square-feet, and previously provided 19 aircraft gates. In order to accommodate the current phase of construction for the new Terminal 1, five of the 19 gates in the existing Terminal 1 have been permanently closed, leaving 14 gates operational. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—New T1" for a discussion of the complete replacement of Terminal 1 as part of the New T1 program. The new Terminal 1 will contain 30 gates; 11 more gates than the existing Terminal 1. Terminal 2 East was opened in 1979 and is a two-story, approximately 225,700 square-foot facility with 13 aircraft gates. Terminal 2 West was opened in 1998 and expanded in 2013 and is a three-story, approximately 786,600 square-foot facility with 19 aircraft gates.

Parking Facilities. Approximately 3,907 public parking spaces, operated by the Airport Authority, are currently available at the Airport, including (a) approximately 3,356 parking spaces located in the Terminal 2 Parking Plaza that opened in 2018 and two adjacent surface lots, (b) 62 spaces in a free cell phone lot located west of Terminal 2 and (c) 489 parking spaces are available for valet service offered at SDIA with curb-side drop-off in front of Terminals 1 and 2 . Once construction began on the new Terminal 1, the surface parking lot located in front of Terminal 1 (approximately 1,100 parking spaces) was permanently closed. Prior to the start of the COVID-19 pandemic, the Airport Authority also operated surface parking lots on Pacific Highway and Harbor Drive consisting of 3,300 spaces. These lots were closed and will not reopen to the public. The parking lot on Pacific Highway is being used for employee parking and the parking lot on Harbor Drive is being used as part of the New T1 development. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—New T1" for a discussion of the construction of a new parking structure that will be located adjacent to Terminal 1 as part of the New T1 program that will contain approximately 5,200 parking spaces (a net increase of 4,100 spaces in front of Terminal 1). Phase 1 of the new Terminal 1 parking structure is expected to open in the fall of 2024 and contain approximately 2,800 parking spaces, and Phase 2 is expected to be completed in the fall of 2025 with approximately 2,400 additional spaces. Upon completion of the New T1, there will be approximately 9,100 public parking spaces, operated by the Airport Authority, available at the Airport; an addition of approximately 100 new, permanent public parking spaces at the Airport, since the start of the design and construction of the New T1.

Rental Car Facilities. The on-Airport rental car companies operate from the Rental Car Center that opened in January 2016 and consists of a customer service building, ready/return, "quick turnaround" and staging/storage areas with approximately 5,400 parking spaces, and fueling, car wash and light maintenance facilities. The Rental Care Center is located on approximately 24.8 acres on the north-side of the Airport. A shuttle bus system transports passengers from the terminals to the Rental Car Center. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Other Obligations—Special Facility Obligations" and "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES—Rental Car Agreements."

Cargo Facilities. In July 2021, the Airport Authority opened a new passenger airline belly cargo and provisioning facility consisting of approximately 81,790 square feet of warehouse and office space located on approximately eight acres of land on the south side of the Airport. The Airport Authority signed 5-year leases with Southwest Airlines, United Airlines, American Airlines and Delta Air Lines. The facility is managed by a third party who manages day-to-day operations. International and smaller carriers are required to have arrangements with one of the four primary tenants in order to process cargo through the facility.

Other Facilities. Various other facilities are located at the Airport or on land located near the Airport, including, among others, a control tower, facilities operated by the integrated cargo carriers (i.e., DHL, FedEx and UPS), central utilities plant and fuel facilities. The previous Commuter Terminal, a three-story building with approximately 133,000 square-feet, currently serves as the offices of the Airport Authority. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—New T1" for a discussion of the demolition of the Commuter Terminal in connection with the construction of the new Terminal 1 and the Airport Authority's current construction of a new administrative building that is expected to be completed by September 2023.

Additionally, the New T1 includes a replacement shuttle hold lot for rental car and terminal buses. This will encompass 3.16 acres on property the Airport Authority partially owns and leases from the Port District located east of the Airport. It will include a 3794 sq ft maintenance building and will open in phases beginning in mid-2023 through the beginning of 2024.

Air Carriers Serving SDIA

As of July 1, 2023, 16 passenger airlines provided service from SDIA to a total of 67 U.S. cities and 9 international cities, and 6 air carriers provided scheduled all-cargo service at SDIA. The following table sets forth the air carriers serving SDIA as of July 1, 2023. See "AIRLINE INDUSTRY INFORMATION."

TABLE 7
San Diego International Airport
Air Carriers Serving San Diego International Airport
(As of July 1, 2023)

U.S. Carriers	Foreign Flag Carriers	All-Cargo Carriers
Alaska Airlines[1]	Air Canada[5]	ABX
Allegiant Air	British Airways	Ameriflight
American Airlines[2]	Japan Airlines	Atlas Air
Delta Air Lines[3]	Lufthansa	FedEx[6]
Frontier Airlines	WestJet Airlines	Swift Air[7]
Hawaiian Airlines		United Parcel Service
JetBlue Airways		
Southwest Airlines		
Spirit Airlines		
Sun Country Airlines		
United Airlines[4]		

[1] Operated by Alaska Airlines and Horizon Air, separately certificated airlines owned by Alaska Air Group, Inc. ("Alaska Air Group") and regional affiliate, SkyWest Airlines.
[2] Operated by American Airlines and regional affiliate, SkyWest Airlines.
[3] Operated by Delta Air Lines and regional affiliate, SkyWest Airlines.
[4] Operated by United Airlines and regional affiliate, SkyWest Airlines.
[5] Operated by affiliates, Air Canada Jazz and Air Canada Jazz Rouge.
[6] Operated by FedEx and its affiliate West Air.
[7] Swift Air provides service for DHL.
Source: San Diego County Regional Airport Authority

Aviation Activity

In Fiscal Year 2023, SDIA enplaned approximately 11.9 million passengers (which represented an approximately 19.2% increase in enplaned passengers from Fiscal Year 2022). For each of the calendar years ended December 31, 2021 and December 31, 2022, approximately 98% of the passengers using SDIA were O&D passengers. During August 2023, passenger airlines and cargo carriers were operating approximately [•] departures daily at SDIA.

The following table sets forth the total domestic and international enplanements and total deplanements at SDIA for the last ten Fiscal Years.

TABLE 8
San Diego International Airport
Total Enplanements and Deplanements

	Enplanements						Deplanements			
Fiscal Year	Domestic Enplanements	Percent of Total	International Enplanements	Percent of Total	Total Enplanements	Percent Change	Total Deplanements	Percent Change	Total Enplanements and Deplanements	Percent Change
2014	8,745,640	96.3%	336,604	3.7%	9,082,244	3.9%	9,062,886	4.1%	18,145,130	4.0%
2015	9,381,259	96.6	331,807	3.4	9,713,066	6.9	9,696,617	7.0	19,409,683	7.0
2016	9,848,924	96.5	357,298	3.5	10,206,222	5.1	10,190,948	5.1	20,397,170	5.1
2017	10,194,718	96.2	401,765	3.8	10,596,483	3.8	10,543,584	3.5	21,140,067	3.6
2018	11,257,939	96.0	473,894	4.0	11,731,833	10.7	11,702,560	11.0	23,434,393	10.9
2019	11,832,512	95.8	523,774	4.2	12,356,286	5.3	12,335,387	5.4	24,691,673	5.4
2020	8,865,028	96.0	370,431	4.0	9,235,459	(25.3)	9,215,140	(25.3)	18,450,599	(25.3)
2021	4,809,965	99.0	50,966	1.0	4,860,931	(47.4)	4,841,626	(47.5)	9,702,557	(47.4)
2022	9,736,802	97.8	216,360	2.1	9,953,162	104.8	9,878,485	104.0	19,831,647	104.4
2023	11,440,757	96.4	426,812	3.6	11,867,569	19.2	11,583,718	17.3	23,451,287	18.3

Source: San Diego County Regional Airport Authority

The following table sets forth total revenue operations (landings and takeoffs) for passenger and cargo carriers at SDIA for Fiscal Years 2014 through 2023.

TABLE 9
San Diego International Airport
Revenue Operations

Fiscal Year	Total Operations[1]	Operations Growth
2014	187,757	0.2%
2015	195,268	4.0
2016	194,151	(0.6)
2017	201,011	3.5
2018	218,671	8.8
2019	227,931	4.2
2020	190,746	(16.4)
2021	130,017	(31.8)
2022	190,485	46.5
2023	200,973	5.5

[1] For revenue-related departures and arrivals.
Source: San Diego County Regional Airport Authority

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Air Cargo

The following table sets forth information concerning cargo traffic (enplaned and deplaned cargo) over the last ten Fiscal Years.

TABLE 10
San Diego International Airport
Historical Enplaned and Deplaned Freight and U.S. Mail Cargo
(in tons)

Fiscal Year	Freight	Annual Percentage Change	U.S. Mail	Annual Percentage Change	Total	Annual Percentage Change
2014	145,831	5.1%	19,135	4.8%	164,966	5.1%
2015	157,229	7.8	21,386	11.8	178,614	8.3
2016	165,046	5.0	20,609	(3.6)	185,656	3.9
2017	166,446	0.8	22,161	7.5	188,606	1.6
2018	167,352	0.5	23,991	8.3	191,343	1.5
2019	162,231 [1]	(3.0)	24,238	1.0	186,469	(2.5)
2020	146,030	(10.0)	8,350 [2]	(65.5)	154,380	(17.2)
2021	143,957	(1.4)	N/A[2]	N/A	N/A	N/A
2022	143,382	(0.4)	N/A[2]	N/A	N/A	N/A
2023	131,727	(8.1)	N/A[2]	N/A	N/A	N/A

1 In October 2018, Amazon opened a new "air gateway" near Ontario International Airport. Amazon transports cargo through Ontario International Airport and then uses ground transportation to delivery items into the San Diego area.
2 In accordance with new rules imposed by the U.S. Postal Service, as of August 2019, FedEx ceased reporting U.S. Mail tonnage.
Source: San Diego County Regional Airport Authority.

Enplanements by Air Carriers

The following table presents total enplanements for each air carrier serving SDIA for the last five Fiscal Years. For Fiscal Year 2023, Southwest accounted for approximately 35% of the enplanements at SDIA, 36% of the landed weight at SDIA and 15.9% of the operating revenues (preliminary; subject to year-end adjustments) of the Airport Authority. Over the past five Fiscal Years, Southwest has enplaned about one-third of the passengers at SDIA. Since approximately 98% of the passengers using SDIA are O&D passengers (based on calendar year 2022 enplanements), and the Airport Authority relies very little on connecting enplanements, the Airport Authority believes that any reduction in service by Southwest would probably be absorbed by one or more other airlines operating at SDIA.

TABLE 11
San Diego International Airport
Enplanements By Air Carriers
(Ranked on 2023 Results)[1]

Air Carrier	Fiscal Year 2019	2019 Percent Share	Fiscal Year 2020	2020 Percent Share	Fiscal Year 2021	2021 Percent Share	Fiscal Year 2022	2022 Percent Share	Fiscal Year 2023	2023 Percent Share
Southwest	4,656,029	37.7%	3,474,860	37.6%	1,627,594	33.5%	3,393,713	34.1%	4,190,108	35.3%
Alaska[2]	1,702,289	13.8	1,325,147	14.3	806,949	16.6	1,740,532	17.5	1,940,822	16.4
United[3]	1,593,244	12.9	1,105,820	12.0	600,216	12.3	1,238,336	12.4	1,458,543	12.3
Delta[4]	1,504,544	12.2	1,168,462	12.7	567,589	11.7	1,237,530	12.4	1,452,461	12.2
American[5]	1,467,899	11.9	1,128,443	12.2	767,833	15.8	1,307,253	13.1	1,282,356	10.8
Frontier	277,320	2.2	201,280	2.2	180,181	3.7	272,802	2.7	349,379	2.9
Spirit	323,623	2.6	225,279	2.4	111,604	2.3	168,192	1.7	303,804	2.6
JetBlue	230,909	1.9	195,279	2.1	90,332	1.9	249,217	2.5	285,079	2.4
Hawaiian	149,744	1.2	102,759	1.1	61,754	1.3	133,525	1.3	148,305	1.2
Air Canada[6]	130,404	1.1	90,425	1.0	0 [8]	0.0	43,376	0.4	135,080	1.1
British Airways	83,492	0.7	57,998	0.6	0 [8]	0.0	41,417	0.4	91,914	0.8
Allegiant	30,750	0.2	13,162	0.1	22,391	0.5	49,355	0.5	75,959	0.6
Lufthansa	49,974	0.4	34,654	0.4	0	0.0	13,695	0.1	47,928	0.4
Sun Country	40,167	0.3	37,073	0.4	23,461	0.5	35,962	0.4	41,618	0.4
WestJet	42,939	0.3	28,905	0.3	0 [8]	0.0	11,836	0.1	32,290	0.3
Japan Airlines	66,688	0.5	43,596	0.5	1,027	0.0	12,784	0.1	31,380	0.3
Others[7]	6,271	0.1	2,317	<0.1	0	0.0	3,637	<0.1	543	>0.1
Total Enplanements	12,356,286	100.0%	9,235,459	100.0%	4,860,931	100.0%	9,953,162	100.0%	11,867,569	100.0%

1 Totals may not add due to rounding.
2 Enplanements are for Alaska and Alaska's regional carrier service provided by Horizon and SkyWest.
3 Enplanements are for United and its regional carrier service provided by SkyWest.
4 Enplanements are for Delta and its regional carrier service provided by Compass and SkyWest. Compass ceased operating in April 2020.
5 Enplanements are for American and its regional carrier service provided by Compass and SkyWest. Compass ceased operating in April 2020.
6 Enplanements are for Air Canada Rouge and Jazz Aviation, both affiliates for Air Canada.
7 "Others" includes airlines that ceased operating at SDIA during the period shown in the table.
8 As a result of the COVID-19 pandemic and the resulting travel restrictions to foreign countries, Air Canada, British Airways, Lufthansa and WestJet did not operate from the Airport in Fiscal Year 2021. Air Canada resumed service from the Airport in August 2021, British Airways and WestJet resumed service from the Airport in October 2021, and Lufthansa resumed service from the Airport in [•], 2021.

Source: San Diego County Regional Airport Authority

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Landed Weight

The following table sets forth the total revenue landed weight for the largest passenger airlines and cargo carriers serving SDIA for the last five Fiscal Years, ranked on Fiscal Year 2023 results.

TABLE 12
San Diego International Airport
Total Revenue Landed Weight
(Ranked on Fiscal Year 2023 Results)
(in thousands of lbs.)[1]

Airline/Cargo Carrier	2019	2020	2021	2022	2023	2023% of Total
Southwest	5,180,064	4,422,096	2,277,011	3,688,292	5,001,008	36.1%
Alaska[2]	1,995,130	1,672,207	1,342,664	1,981,230	2,092,212	15.1
Delta[3]	1,616,827	1,373,938	1,049,374	1,527,982	1,568,504	11.3
United[4]	1,701,559	1,285,393	770,742	1,321,399	1,513,743	10.9
American[5]	1,566,041	1,298,505	917,691	1,238,945	1,317,772	9.5
FedEx	382,879	401,386	466,734	483,403	412,455	3.0
JetBlue	281,715	260,940	171,957	292,311	316,168	2.3
Frontier	247,145	204,924	199,836	264,830	311,884	2.2
Spirit	331,366	230,911	125,589	165,464	288,873	2.1
Hawaiian	237,560	155,345	122,574	211,844	209,839	1.5
British Airways	210,432	141,615	0 [8]	98,141	173,266	1.2
Air Canada[6]	138,417	100,851	0 [8]	54,699	149,232	1.1
United Parcel Service	138,860	146,624	138,926	138,064	147,200	1.1
Lufthansa	103,322	72,466	0 [8]	24,643	98,117	0.7
Japan Airlines	138,700	104,500	32,680	119,120	82,090	0.6
Allegiant	31,927	19,387	38,889	53,883	75,345	0.5
Sun Country	44,972	39,589	30,643	34,130	37,814	0.3
Others[7]	134,315	122,404	86,798	65,703	73,640	0.5
Total	14,481,229	12,053,081	7,779,528	11,764,083	13,869,162	100.0%
Annual % Change	4.7%	(16.8)%	(35.5)%	51.2%	17.9%	

[1] Totals may not add due to rounding.
[2] Landed weight is for Alaska and Alaska's regional carrier service provided by Horizon and SkyWest.
[3] Landed weight is for Delta and its regional carrier service provided by Compass and SkyWest. Compass Air ceased operating in April 2020.
[4] Landed weight is for United and its regional carrier service provided by SkyWest.
[5] Landed weight is both American and American's regional carrier service provided by Compass and Sky West. Compass Air ceased operating in April 2020.
[6] Landed weight is for Air Canada Rouge and Jazz Aviation, both affiliates for Air Canada.
[7] "Others" includes airlines/cargo carriers that ceased operating at SDIA during the period shown in the table, and airlines/cargo carriers with a Fiscal Year 2023 market share of less than 0.3%.
[8] As a result of the COVID-19 pandemic and the resulting travel restrictions to foreign countries, British Airways, Air Canada and Lufthansa did not operate from the Airport in Fiscal Year 2021. British Airways resumed service from the Airport in October 2021, Air Canada resumed service from the Airport in August 2021 and Lufthansa resumed service from the Airport in [•] 2021.

Source: San Diego County Regional Airport Authority

Emergency Preparedness

The Airport Authority has an approved Airport Emergency Plan ("**AEP**") as required under FAA regulations. The AEP addresses essential emergency-related and deliberate actions planned to ensure the safety of and emergency services of the populace of SDIA and the surrounding communities. The AEP is reviewed with stakeholders on a regular basis and exercises (i.e. tabletop or full-scale field) are conducted annually to test the readiness of the plan.

The Airport Authority also has prepared a Business Continuity Plan ("**BCP**") to assist the organization in managing (a) minor events – business disruptions impacting a single Airport Authority function/department, (b) moderate events – business disruptions impacting multiple Airport Authority functions/department, and (c) major events – business disruptions impacting the entire Airport Authority/SDIA. The plan contains information on emergency contact details, strategies to mitigate impact, procedures to be implemented and communication processes to be followed in response to business disruptions. The BCP is to be initiated at the outset of a disruptive event and includes operating SDIA during the emergency situation and business recovery steps to return the operation back over to regular management after the BCP leader deems the recovery to be complete.

All employees of the Airport Authority are responsible for maintaining the continuous operation of the organization in the event of a disaster. While the BCP does not include recovery activities that are part of the AEP, it is the intent of management that both plans work in tandem with each other during an emergency incident. The BCP is reviewed with the various department of the Airport Authority on a regular basis and tabletop exercises are conducted annually to test the readiness of the plan.

The Airport Authority has developed, tested and evaluated a comprehensive set of emergency procedures for a probable disruptive event. These procedures and precautions seek to minimize the operational and financial impact on SDIA and the Airport Authority. However, the Airport Authority cannot predict whether SDIA would need to cease operations in the event of an emergency or what types of emergencies would cause SDIA to cease operating. The Airport Authority is not able to predict for how long SDIA would be closed and whether the Airport Authority's reserves would be adequate to return SDIA to full operation in the event of a cessation of operations due to an emergency.

AGREEMENTS FOR THE USE OF AIRPORT FACILITIES

The Airport Authority has entered into, and receives payments under, different agreements with various airlines and other parties, including operating and lease agreements relating to landing fees and the leasing of space in terminal buildings, other building and miscellaneous leases regarding the leasing of cargo and hangar facilities, and concession agreements relating to the sale of goods and services at SDIA.

Agreements with Passenger Airlines and All-Cargo Carriers

Airline Lease Agreements. The Airport Authority has entered into separate, but substantially similar, Airline Operating and Lease Agreements, as amended (the "**Airline Lease Agreements**") with 14 passenger airlines operating at SDIA (the "**Signatory Passenger Airlines**") and three all-cargo carriers (the "**Signatory Cargo Carriers**," and together with the Signatory Passenger Airlines, the "**Signatory Airlines**"). The Signatory Passenger Airlines are currently Air Canada, Alaska, American, British Airways, Delta, Frontier, Hawaiian, Japan Airlines, JetBlue, Southwest, Spirit, Sun Country, United and WestJet. During Fiscal Year 2023, the Signatory Airlines enplaned approximately 99.0% of the passengers at the Airport. The Signatory Cargo Carriers are currently Atlas, FedEx and UPS. The Airline Lease Agreements cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SDIA. The Airline Lease Agreements have a term that commenced on July 1, 2019 and terminates on June 30, 2029, unless terminated earlier pursuant to their terms.

Under the Airline Lease Agreements, the Signatory Passenger Airline operating in Terminal 1 East (Southwest) has exclusive rights to use the "Exclusive Use Premises" which consist of ticket counters, free-standing self-service kiosks, skycab podiums, curbside positions, and associated passenger queuing areas (on a transitional basis until the new Terminal 1 facilities are constructed), ticket and baggage service offices and operational support areas. Under the Airline Lease Agreements, the Signatory Passenger Airlines operating in Terminal 1 West (Frontier, Spirit and Sun Country) and Terminal 2 (Air Canada, Alaska, American, British Airways, Delta, Hawaiian, Japan Airlines, JetBlue, United and Westjet) operate under "Common Use Premises" for ticket counters, free-standing self-service kiosks, skycap podiums, curbside positions and queuing areas, and "Exclusive Use Premises" for ticket and baggage offices and operation support offices.] The Signatory Passenger Airlines in both Terminals 1 and 2 also receive the nonexclusive right to use "Joint-Use Premises," which include passenger hold rooms, passenger screening, baggage claim areas, passenger loading bridges, baggage handling systems, and information displays and paging; "Public Areas," which include sidewalks, concourses, corridors, lobbies, passageways, restrooms, elevators, escalators and other similar space made available by the Airport Authority from time to time; and "Airfield Areas," which include (1) facilities, equipment, improvements, runways, taxiways, and control towers, for the purpose of controlling or assisting arrivals, departures and operations of aircraft, (2) all airline apron areas not leased exclusively, including without limitation Aircraft Parking Positions (3) other airport-related facilities operated and maintained by the FAA or any other federal agency, (4) security fences and service roads located on the Airport and related to the rest of the Airfield Area, (5) signals, beacons, wind indicators, flood lights, landing lights, boundary lights, construction lights, radio and electronic aids or other aids to operations, navigation or ground control of aircraft whether or not of a type herein mentioned and even though located away from but related to the rest of the Airfield Area, (6) aircraft rescue and fire-fighting services, (7) aircraft fueling systems, and (8) noise monitoring/mitigation program costs.

Pursuant to the Airline Lease Agreements, the landing fees at SDIA are calculated based on a residual rate-setting methodology and the terminal rental rates at SDIA are calculated based on a compensatory rate-setting methodology. Each Signatory Airline is required to pay landing fees on a monthly basis equal to the landed weight of each such Signatory Airline's planes which landed at SDIA for such month multiplied by the landing fee rate. The landing fee rate is set at the beginning of each Fiscal Year by first determining the airfield area requirement. The airfield area requirement is calculated as: (a) the sum of Operation and Maintenance Expenses of the Airport System, annual net debt service, amortization charges, reserve deposits, coverage charges (if necessary), Major Maintenance Fund deposits and bad debt expenses attributable or allocable to the airfield, and fuel system costs; minus (b) the sum of fuel flowage fee revenue, fingerprinting revenue, ground handling concession revenue, 70% of inflight catering revenue and any federal, State or local grants that are attributable or allocable to the airfield. The landing fee rate is then calculated by subtracting the sum of non-signatory landing fees, aircraft parking position rentals, aircraft parking position turn fees and aircraft parking position overnight fees from the airfield area requirement and then dividing such result by the cumulative maximum gross landed weight of the Signatory Airlines for the Fiscal Year.

Each Signatory Passenger Airline is required to pay terminal rentals on a monthly basis equal to the total area of the terminals allocable to each such Signatory Passenger Airline multiplied by the terminal rental rate. The terminal rental rate is set at the beginning of each Fiscal Year by first determining the base terminal area rental rate and the supplemental terminal rental rate. The base terminal area rental rate is calculated as: (a) the sum of Operation and Maintenance Expenses of the Airport System, annual net debt service, amortization charges and reserve deposits attributable or allocable to the terminal, minus (b) Federal Inspection Services ("**FIS**") fee revenues and any federal, State or local grants received to offset Operation and Maintenance Expenses of the Airport System, annual net debt service or reserve deposits attributable or allocable to the terminal, divided by (c) the total square footage of leasable space in the terminal. The supplemental terminal rental rate is calculated as (i) the sum of coverage charges (if necessary), Major Maintenance Fund deposits and bad debt expenses attributable or allocable to the terminal, divided by (ii) the square footage of space leased by the airlines in the terminal. The base terminal area rental rate and the supplemental terminal rental rate are then added together to calculate the terminal rental rate.

Pursuant to the Airline Lease Agreements, in addition to landing fees and terminal rentals, the Signatory Passenger Airlines are required to pay other fees and charges, including among others, aircraft parking position fees, aircraft parking position turn fees, aircraft parking position overnight fees, joint use fees and common use fees. As part of the landing fee rate and the terminal rental rate, the Signatory Airlines have agreed to pay coverage charges which are equal to the sum of (a) 140% of the debt service on the Senior Bonds, the Subordinate Obligations and any other indebtedness of the Airport Authority, plus (b) the Operation and Maintenance Expenses of the Airport System, minus (c) Revenues, PFCs and Federal Direct Payments used to pay debt service on the Senior Bonds, the Subordinate Obligations and any other indebtedness of the Airport Authority. If the calculation of coverage charges results in a negative amount, no coverage charges are imposed by the Airport Authority.

Pursuant to the Airline Lease Agreements, for each Fiscal Year, the Airport Authority is required to develop budgeted landing fee rates, terminal rental rates, aircraft parking position rentals and fees, joint use fees, and common use fees. Before formally adopting the budget, and any resulting rental, fees, or charges, the Airport Authority must consult with the Signatory Airlines and consider their comments regarding the budget and the calculation of the estimated rents, fees, and charges. Pursuant to the Airline Lease Agreements, the Airport Authority will review the rents, fees, and charges at least once during the Fiscal Year. If during any review the Airport Authority finds that the estimated rents, fees, and charges vary by more than 5% from those originally budgeted or previously estimated by the Airport Authority, the Airport Authority may, after consultation with the Signatory Airlines, adjust the rents, fees, and charges.

Within six months after the close of each Fiscal Year, the Airport Authority will calculate the final rent, fees and charges based on actual results for the Fiscal Year. Any difference between the budgeted rents, fees, and charges paid by the Signatory Airlines and the actual rents, fees, and charges chargeable to the Signatory Airlines based on actual results shall be either refunded by the Airport Authority or the Signatory Airlines shall pay the Airport Authority the difference. If the actual rents, fees and charges paid by a Signatory Airline in a Fiscal Year are less than $500,000 (for a Signatory Passenger Airline) or $250,000 (for a Signatory Cargo Airline), such Signatory Airline will be required to make a supplemental payment to the Airport Authority so that total payments for the Fiscal Year are at least $500,000 (for a Signatory Passenger Airline) or $250,000 (for a Signatory Cargo Airline). Any amount due the Signatory Airlines as a result of such final accounting will be paid in the form of a cash payment to the Signatory Airlines in the next ensuing month. Any amount due the Airport Authority as a result of such final accounting will be invoiced to the Signatory Airlines and due and payable within 30 days of the invoice.

Except as described below with respect to Off-Airport Public Transportation Projects, the Airline Lease Agreements do not require the Airport Authority to receive the approval of the Signatory Airlines for the construction of the projects included in the Master Plan, the CIP or the New T1. Under the Airline Lease Agreements, the Signatory Airlines have agreed that the Airport Authority can fund one or more Off-Airport Public Transportation Projects that are approved by the FAA. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT—Certain Definitions" for the definition of Off-Airport Public Transportation Projects. The Signatory Airlines have agreed to $75 million in funding of Off-Airport Public Transportation Projects with no contribution from other agencies, an additional $125 million with $200 million in legally binding commitments from third parties, and an additional $150 million with an additional $150 million in legally binding commitments from third parties. The aggregate Airport Authority contribution cannot exceed $350 million without Signatory Airline approval.

In accordance with the Airline Lease Agreement, the Airport Authority has established the Major Maintenance Fund to fund capital projects in the airfield area, the terminal area, for common use systems and airline terminal support costs centers and capital projects in indirect cost centers to the extend allocable to the airfield area, the terminal area, for common use systems and for airline terminal support cost centers. Each Fiscal Year, the Airport Authority had agreed to deposit $40 million to the Major Maintenance Fund from the following revenue sources: $15 million from the airfield area; $15 million from the terminal area; and $10 million from non-airline revenues. However, in order to mitigate the effects of the required funding of the Major Maintenance Fund on airline rates and charges during the COVID-19 pandemic, the Airport Authority and the Signatory Airlines agreed to amend the Airline Lease Agreement. The amended requirement for the funding of the Major Maintenance Fund under the Airline Lease Agreement provides as follows:

- For Fiscal Year 2020, the Airport Authority deposited $30,000,000 into the Major Maintenance Fund and allocated the costs of the deposit to the following cost centers: $10,000,000 to the airfield cost center; $10,000,000 to the terminal cost center; and $10,000,000 to a combination of the landside cost center and the ancillary cost center, as determined in the discretion of the Airport Authority.

- For Fiscal Year 2021, the Airport Authority deposited $10,000,000 into the Major Maintenance Fund and allocated the costs of the deposit to the following cost centers: $10,000,000 to a combination of the landside cost center and the ancillary cost center, as determined in the discretion of the Airport Authority.

- For Fiscal Year 2022, the Airport Authority deposited $10,000,000 into the Major Maintenance Fund and allocated the costs of the deposit to the following cost centers: $10,000,000 to a combination of the landside cost center and the ancillary cost center, as determined in the discretion of the Airport Authority.

- Beginning in Fiscal Year 2023 and continuing through Fiscal Year 2029, the Airport Authority deposited and will deposit $50,000,000 into the Major Maintenance Fund and allocate the costs of the deposits to the following cost centers: $20,000,000 to the airfield cost center; $20,000,000 to the terminal cost center; and $10,000,000 to a combination of the landside cost center and the ancillary cost center, as determined in the discretion of the Airport Authority.

See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT" for a more detailed description of certain terms of the Airline Lease Agreements.

Affiliate Airline Operating Agreements. In an effort to better match capacity with demand in some markets, certain Signatory Passenger Airlines have entered into agreements with affiliated airlines to operate smaller aircraft on behalf of those Signatory Passenger Airlines. "**Affiliate Airlines**" are airlines that (a) have been designated by a Signatory Passenger Airline to operate at SDIA as its Affiliate, (b) have executed an Affiliate Airline Operating Agreement with the Airport Authority and the Signatory Passenger Airline, (c) fly in or out of the Airport solely for the benefit of a Signatory Airline and provide transportation of property or passengers for the Signatory Airline under the name of the Signatory Airline, (d) if flying under its own name, not selling any seats in its own name and all seats are being sold in the name of the Signatory Airline or (e) a wholly-owned subsidiary of the Signatory Airline or a subsidiary of the same corporate parent as the Signatory Airline. Generally, the same rates, fees and charges applicable to the Signatory Passenger Airline's operations at SDIA also apply to the Affiliate Airline's operations at SDIA. In the event an Affiliate Airline fails to pay fees and charges to the Airport Authority, the applicable Signatory Passenger Airline is responsible for the fees and charges billed to its Affiliate Airline. The following table sets forth the Affiliate Airlines currently operating at the Airport and their affiliated Signatory Airlines.

TABLE 13
San Diego International Airport
Signatory Airlines and Their Affiliate Airlines

Signatory Airline	Affiliate Airline
Air Canada	Air Canada Rouge
Air Canada	Jazz Aviation
Alaska Airlines	Horizon Air
Alaska Airlines	SkyWest Airlines
Delta Air Lines	SkyWest Airlines
United Airlines	SkyWest Airlines
FedEx	West Air

Source: San Diego County Regional Airport Authority

Non-Signatory Airline Operating Agreements. Except as described below, passenger airlines and cargo carriers operating at SDIA that are not a party to an Airline Lease Agreement or an Affiliate Airline Operating Agreement (the "**Non-Signatory Airlines**"), operate at the Airport pursuant to a Non-Signatory Airline Operating Agreement. The Non-Signatory Airlines are currently ABX, Allegiant, Ameriflight, Lufthansa and Swift Air. The terms of the Non-Signatory Airline Operating Agreements are generally the same as the terms of the Airline Lease Agreements, except that the landing fees and terminal rentals paid by the Non-Signatory Airlines are higher than the fees and rates paid by the Signatory Airlines under the Airline Lease Agreements (20% higher), except for FIS fees.

See "FINANCIAL INFORMATION—Summary of Financial Results" for information with respect to aviation revenues collected by the Airport Authority in Fiscal Year 2023.

Parking Agreement

The Airport Authority has entered into an agreement with ACE Parking Management Inc. ("**ACE Management**") for the management of the parking facilities at SDIA. The term of the agreement with ACE Management is from October 1, 2018 through September 30, 2021, with 2 one-year options to extend the agreement solely at the Airport Authority's discretion. The Airport Authority exercised both of its options to extend the agreement until September 30, 2023. The Airport Authority subsequently extended the agreement an additional 90 days to December 31, 2023. The agreement requires ACE Management to remit the gross revenues from the parking facilities it operates, on a daily basis, to the Airport Authority. As compensation for ACE Management's performance under the agreement, the Airport Authority pays ACE Management a fixed annual management fee and reimburses ACE Management for expenses incurred in the management and operation of the parking facilities. [The Airport Authority is currently in the procurement process to award a new 3-year contract to a parking management company to manage the parking facilities at SDIA.]

The Airport Authority sets rates for parking in the Airport Authority's public parking lots and can modify those rates at any time at its discretion. For Fiscal Year 2024, parking rates are $2.50 for the first 15 minutes and a maximum of $38 for the first day, with every additional day being $38 per day. Beginning in March 2023, the Airport Authority began moving towards a dynamic pricing strategy where reservation rates have a range of discounts based on various factors that include, the time of year, arrival day, percentage occupancy and length of stay. Prior to the start of the COVID-19 pandemic, for Fiscal Year 2020, parking rates were $6 for the first hour and a maximum of $32 for the first day, with every additional day being $32 per day (the daily rate was $19 per day with an advance reservation). Additionally, in Fiscal Year 2020, the Airport Authority charged $20 per day ($15 per day with an advance reservation) for parking at the surface parking lots on Pacific Highway and Harbor Drive that are now closed.

Valet parking rates are $60 per day. Customers who reserve parking in advance of arriving at SDIA pay a discounted rate for valet parking based upon the time of year, arrival day, percentage occupancy and length of stay. Public parking accounted for approximately $44.2 million of operating revenues in Fiscal Year 2022, equal to approximately 13.8% of operating revenues or approximately 25.7% of non-airline revenues. Public parking accounted for approximately $46.3 million (preliminary; subject to year-end adjustments) of operating revenues in Fiscal Year 2023, equal to approximately 12.4% of operating revenues or approximately 25.7% of non-airline revenues.

Rental Car Agreements

As of July 1, 2023, there were seven rental car companies (operating a total of 15 brands) authorized by the Airport Authority to provide rental car services at SDIA. Most of the major national brands are represented at SDIA (Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Payless, Sixt, Thrifty and ZipCar), as well as local brands (NuCar, U-Save and Green Motion). Twelve of the brands lease space within and operate from the Rental Car Center (the "**On-Airport Rental Car Companies**"). The remaining two brands operate off-Airport by shuttling passenger between the Rental Car Center and their off-Airport facilities (the "**Off-Airport Rental Car Companies**"). All rental car companies operating at the Airport must use the busing system to transport passengers to the terminals.

The Airport Authority and each of the On-Airport Rental Car Companies have entered into a Non-Exclusive On-Airport Rental Car Concession Agreement (each a "**Rental Car Concession Agreement**"), pursuant to which the Airport Authority has granted to each of the Rental Car Companies the right to operate a rental car concession at the Airport from the Rental Car Center on a nonexclusive basis for the purpose of arranging rental car services for the benefit of Airport customers where such rental car service is furnished by or on behalf of the Rental Car Company. Pursuant to the Rental Car Concession Agreements, each of the On-Airport Rental Car Companies pay the Airport Authority a monthly concession fee equal to the greater of (a) a minimum monthly guarantee set forth in the Rental Car Concession Agreements or (b) 10% of the monthly gross revenues of such On-Airport Rental Car Company. Each of the Rental Car Concession Agreements expire on June 30, 2026. The On-Airport Rental Car Companies have agreed that the Airport Authority will have, at the Airport Authority's sole discretion, the option to extend the Rental Car Concession Agreements for four separate 5-year periods. Each additional 5-year term for which this option is exercised will commence at the expiration of the immediately preceding term. The Off-Airport Rental Car Companies operate at the Airport pursuant to a Non-Exclusive Off-Airport Rental Car Concession Agreement.

In addition to the Rental Car Concession Agreements, the Airport Authority and each of the On-Airport Rental Car Companies have entered into a "Rental Car Center Lease Agreement." Pursuant to the terms of the Rental Car Center Lease Agreements, the Airport Authority agreed to construct the Rental Car Center and the On-Airport Rental Car Companies have agreed to collect CFCs, pay Bond Funding Supplemental Consideration in the event CFCs are not sufficient to pay debt service on the Series 2014 Special Facilities Bonds, pay ground rent with respect to the respective space leased in the Rental Car Center, and certain reimbursable operating and maintenance costs of the Rental Car Center. Only Rental Car Companies that have entered into a Rental Car Concession Agreement are allowed to enter into a Rental Car Lease Agreement.

Pursuant to Section 1936 of the California Civil Code (which was subsequently repealed and replaced with Section 50474.1 et seq. of the California Government Code), on October 4, 2012, the Board authorized the following CFC collection rates on rental cars rented from the rental car companies operating at SDIA: $6.00 per transaction day, effective November 1, 2012; $7.50 per transaction day, effective January 1, 2014; and $9.00 per transaction day, effective January 1, 2017 (each such rate limited to 5 transaction days per transaction). The CFC is collected by the rental car companies from their customers and subsequently transferred to the Airport Authority (or the trustee for the Series 2014 Special Facilities Bonds). The CFC revenues were used and are being used to pay the debt service on the Series 2014 Special Facilities Bonds, to fund certain funds and accounts associated with the Series 2014 Special Facilities Bonds and the costs of the operation and maintenance of the Rental Car Center, and to provide for the busing system between the terminals and the Rental Car Center. CFC revenues are not included in Revenues and are not available for the payment of debt service on the Senior Bonds or the Subordinate Obligations (including the Senior Series 2023 Bonds).

In Fiscal Year 2022, the Airport Authority received approximately $36.5 million in payments (not including CFCs) from the On-Airport Rental Car Companies and Off-Airport Rental Car Companies, and recorded the receipt of approximately $30.3 million of CFC revenues. In Fiscal Year 2023, the Airport Authority received approximately $40.6 million (preliminary; subject to year-end adjustments) in payments (not including CFCs) from the On-Airport Rental Car Companies and Off-Airport Rental Car Companies, and recorded the receipt of approximately $34.4 million (preliminary; subject to year-end adjustments) of CFC revenues. The CFC revenues are not pledged to or available to pay the Senior Series 2023 Bonds. The CFC revenues are pledged to and are used to pay the Series 2014 Special Facilities Bonds and other costs related to the Rental Car Center.

TNC Permits

Transportation Network Companies (i.e., Uber, Lyft and similar companies) ("**TNCs**") are allowed to pick-up and drop-off passengers at the Airport only if they have entered into a "Non-Exclusive Permit and Agreement to Use Airport Property to Conduct TNC Services at San Diego International Airport (a "**TNC Permit**") with the Airport Authority. The TNC Permits allow each TNC's approved drivers' access to designated Airport property in connection with the provision of transportation services for airport customers, employees, and passengers with their personal baggage. Subject to the terms of the TNC Permits, TNCs are required (except in limited circumstances) to drop-off passengers only in designated areas in front of Terminals 1 and 2, and are otherwise only allowed to use Airport property within the designated TNC airport assignment area and designated TNC staging areas at the Airport. The TNC Permits have a term of one year, unless suspended, revoked or terminated sooner in accordance with the terms of the TNC Permit. Each TNC Permit must be renewed every three years. The current TNC Permits expire on June 30, 2025. Pursuant to the TNC Permits, for Fiscal Year 2024, TNCs are required to pay $4.00 for each pick-up and $4.00 for each drop-off, and for Fiscal Year 2025, TNCs will be required to pay $4.25 for each pick-up and $4.25 for each drop-off. The Airport Authority has the discretion to change the pick-up and drop-off fees each Fiscal Year. In Fiscal Year 2023, TNCs recorded approximately 2.1 million Airport pick-ups and approximately 2.3 million Airport drop-offs resulting in $16.6 million (preliminary; subject to year-end adjustments) in fee revenue for the Airport Authority (pick-up and drop-off fees were each $3.75 during Fiscal Year 2023). In Fiscal Year 2022, TNCs recorded approximately 1.4 million Airport pick-ups and approximately 1.7 million Airport drop-offs resulting in $10.8 million in fee revenue for the Airport Authority (pick-up and drop-off fees were each $3.50 during Fiscal Year 2023). See "AIRPORT ENVIRONMENTAL MATTERS—Air Quality and Carbon Management Planning—TNC GHG Emissions Reduction Program."

Terminal Concessions, Advertising and Other Agreements

In March 2015, the Airport Authority completed its previous concession development program, which involved a complete revamp of the shopping and dining options in the passenger terminals. As part of its concessions development program, the Airport Authority entered into 18 leases with a variety of vendors for 63 food, beverage and retail units at SDIA. The leases with respect to the food and beverage units commenced on the date the applicable concession space was available for beneficial use by the vendor and expired on a date 10 years after such date of available use. The leases with respect to the retail units commenced on the date the applicable concession space was available for beneficial use by the vendor and expired on a date 7 years after such date of available use. Nearly all existing concession leases executed as part of the transition from the master concessionaire model in 2011 through 2014 are either in holdover status or are due to expire in late 2023 or early 2024. Once these leases expire, the Airport Authority will be able to create a new concessions program tailored to the expectations of passengers as they have evolved over the last decade. In particular, the model for airport retail has evolved from a focus on printed material, souvenirs and snacks to a "marketplace" format featuring grab-n-go food, sundries, personal care/over-the-counter pharmaceuticals, personal electronics and specialty retail. The marketplace model enables retailers greater flexibility to rotate merchandise as customer preferences change without new capital investment. The Airport Authority expects to solicit for new concessions for Terminal 2 in calendar year 2024.

In June 2023, the Airport Authority completed its solicitation of new concessions for the new Terminal 1. Concession operators will open 19 restaurants and seven retail stores in the New T1. The new concessions will occupy approximately 32,000 square feet of food & beverage and 14,000 square feet of retail space. This represents more than a 250% increase in square footage as compared to the current Terminal 1. Due to the significant investment required by the vendors, the duration of the lease agreements with the new concessionaires will increase to 15 years for food & beverage and twelve years for retail. The selected concessionaires are expected to design and permit the Phase 1a concession units in Fiscal Year 2024 with construction expected to occur in Fiscal Year 2025. Similar to the expiring lease agreements, the new leases will provide for rental payments equal to the greater of a minimum annual guarantee ("**MAG**") or a percentage of gross income. The MAG will be set at 80% of the previous year's total rent paid after the first full year of operation. The percentage rent offers for these new concession agreements as compared to the previous generation are slightly lower food & beverage but slightly higher for convenience retail.

In 2022, the Airport Authority awarded a 10-year lease agreement for a CHASE Sapphire Lounge in Terminal 2 West. The new lounge is currently under construction and is expected to open in early 2024.

For Fiscal Year 2021, gross sales for food and beverage outlets were $29.7 million, providing approximately $4.2 million in operating revenues to the Airport Authority (which equaled a percentage of the gross sales for food and beverage outlets). For Fiscal Year 2022, gross sales for food and beverage outlets were $76.5 million, providing approximately $11.1 million in operating revenues to the Airport Authority (which equaled a percentage of the gross sales for food and beverage outlets). For Fiscal Year 2023, gross sales for food and beverage outlets were $99.5 million (preliminary; subject to year-end adjustments), providing approximately $14.4 million (preliminary; subject to year-end adjustments) in operating revenues to the Airport Authority (which equaled a percentage of the gross sales for food and beverage outlets).

For Fiscal Year 2021, gross sales for gift, news and specialty retail outlets were $21.0 million, providing approximately $3.2 million in operating revenues to the Airport Authority (which equaled a percentage of the gross sales for gift, news and specialty retail outlets). For Fiscal Year 2022, gross sales for gift, news and specialty retail outlets were $42.2 million, providing approximately $6.7 million in operating revenues to the Airport Authority (which equaled a percentage of the gross sales for gift, news and specialty retail outlets). For Fiscal Year 2023, gross sales for gift, news and specialty retail outlets were $51.3 million (preliminary; subject to year-end adjustments), providing approximately $8.6 million (preliminary; subject to year-end adjustments) in operating revenues to the Airport Authority (which equaled a percentage of the gross sales for gift, news and specialty retail outlets).

Effective November 1, 2018, the Airport Authority entered into a new in-terminal advertising lease with Clear Channel. The in-terminal advertising lease has a ten-year term and provides for payments from Clear Channel equal to the greater of a MAG or a percentage of gross income received by Clear Channel from advertisements at SDIA. As a result of the COVID-19 pandemic, between May 2020 and December 2021, the Airport Authority waived the MAG provisions under the lease with Clear Channel. For Fiscal Year 2021, gross advertising income was $1.1 million, providing approximately $837,000 in operating revenues to the Airport Authority. For Fiscal Year 2022, gross advertising income was $3.4 million, providing approximately $1.4 million in operating revenues to the Airport Authority. For Fiscal Year 2023, gross advertising income was $2.7 million (preliminary; subject to year-end adjustments), providing approximately $1.9 million (preliminary; subject to year-end adjustments) in operating revenues to the Airport Authority.

The Airport Authority also has entered into agreements with operators of vending machines, airport carts, ATMs and certain other concessionaires. Most of these operators pay the Airport Authority the greater of a MAG or a percentage of gross income. Additionally, the Airport Authority recovers certain costs of operating the concession program and collects a marketing fee from the concessionaires to promote the program.

By mid-2023, nearly all of the food and beverage and retail concessions had recovered from the impacts of the COVID-19 pandemic. The only minor exceptions were the duty-free retail businesses (which are expected to recover as international flights increase at SDIA) and the airport spa/massage.

The following table summarizes the gross sales for the terminal concessions and the operating revenues collected by the Airport Authority from the terminal concessions for Fiscal Years 2021, 2022 and 2023.

TABLE 14
San Diego County Regional Airport Authority
Terminal Concessions Gross Sales and Airport Authority Operating Revenues

	Fiscal Year 2021[1]		Fiscal Year 2022[2]		Fiscal Year 2023[3]	
Concession	Gross Concession Sales	Airport Authority Operating Revenues	Gross Concession Sales	Airport Authority Operating Revenues	Gross Concession Sales	Airport Authority Operating Revenues
Food & Beverage	$29,724,679	$4,206,180	76,456,934	$11,099,280	$99,509,669	$14,409,645
Retail	20,978,579	3,245,777	42,194,788	6,704,143	51,274,430	8,621,769
Other	1,761,080	788,835	5,195,872	2,839,034	10,098,959	2,086,319
Advertising	1,189,963	844,504	3,482,817	1,508,702	2,822,656	2,028,114
Total	$53,654,301	$9,085,298	127,330,411	22,151,161	$163,705,714	$27,145,849

[1] Fiscal Year 2021 and Fiscal Year 2022 Governmental Accounting Standards Board – Statement No. 87 – Leases ("**GASB 87**") adjustments are excluded from operating revenues to allow comparison with Fiscal Year 2023.
[2] Fiscal Year 2022 excludes credits provided to concession operators relating to COVID-19 pandemic relief under the terms of the American Rescue Plan Act.
[3] Preliminary; subject to year-end adjustments.
Source: San Diego County Regional Airport Authority.

FINANCIAL INFORMATION

Summary of Financial Operations

Budgeting Process.

The Airport Authority operates on a July 1 through June 30 Fiscal Year. The annual budget cycle includes the preparation of two budgets: one to be adopted by the Board for the next Fiscal Year and a conceptual budget for the subsequent Fiscal Year that the Board approves but does not adopt. The budget process usually begins in October, with senior management collaborating with the Board to review the Airport Authority's strategic plan progress, discuss strategy and policy, and update initiatives to drive business and operational performance. From October to January, the management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to align divisional requirements and action plans with strategic plan initiatives. The Board is consulted frequently to solicit input and direction throughout the process. As appropriate, strategic planning workshops and detailed briefings on the proposed operating and capital program budgets are held with the Board.

In January, the budget staff reviews financial results for the first six months of the Fiscal Year. In February and March, departments submit budget requests reflecting the needs to execute strategic plan initiatives. Meetings are held with each division to review their budget requests and weigh the cost/benefit impact, where appropriate.

The next step in the budgeting process is the creation of the revenue budget. This budget has two distinct parts, airline revenue and non-airline revenue. In building these two sections, Finance staff first builds a forecast of the enplanements and landed weight in partnership with air service development. These forecasts are a key component in the rest of the revenue streams. In addition, Finance staff reviews the current revenue trends and partners with the revenue generation department on future trends in non-airline revenue. Finally, the expense budget, amortization, and debt service allocations are inputted into the Airline rates and charges model to create the airline revenue. After completing this process, the finance staff checks to ensure that the total budget is adequate to maintain a strong financial position.

From April to June, proposed operational and capital program budgets are distributed to the Board. In addition, a budget workshop is held to review the budgets for input and guidance. The Board adopts the budget as a whole, which may be amended at any time during the year with Board approval

On June 1, 2023, the Board adopted the budget for Fiscal Year 2024 and approved, in concept, the budget for Fiscal Year 2025. The conceptual budget for Fiscal Year 2025 approved by the Board will be brought back to the Board in 2024 for review, any needed revisions and final adoption.

In 2023, the Airport Authority received its 18th consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada ("**GFOA**") for its annual budget for Fiscal Year 2023.

Fiscal Year 2024 Budget. Budgeted operating and non-operating revenues for Fiscal Year 2024 are $618.4 million, an increase of $132.9 million (or 27.4%) over Fiscal Year 2023 budgeted operating and non-operating revenues. This increase is primarily attributed to increases in airline revenue ($27.4 million) and non-airline revenues ($42.7 million), including terminal concessions, rental car licenses and parking, as well as increases in non-operating revenue from capital grant contributions ($33.0 million) and interest income ($19.8 million) on projected higher cash balances. Budgeted expenses for Fiscal Year 2024 are projected to increase $44.6 million, or 11.6%, over Fiscal Year 2023 budgeted expenses (which were $382.8

million). This increase is primarily attributable to increases in debt service (a $28.3 million increase), operating expense increases related to passenger activity and cost escalation in shuttle services and utility expenses. The Fiscal Year 2024 budget assumes 12.1 million enplaned passengers, as compared to (a) 10.1 million enplaned passengers in the Fiscal Year 2023 budget (a 19.8% increase), and (b) 11.9 million actual enplaned passengers for Fiscal Year 2023 (a 1.7% increase).

Conceptual Fiscal Year 2025 Budget. Budgeted operating and non-operating revenues for Fiscal Year 2025 are $661.1 million, an increase of $42.7 million (or 6.9%) over Fiscal Year 2024 budgeted operating and non-operating revenues. This increase is primarily attributed to an increase in airline revenue due to increased operating expenses and non-airline revenues due to an anticipated increase in enplanements. Budgeted expenses for Fiscal Year 2025 are projected to increase $55.8 million, or 13.0%, over Fiscal Year 2024 budgeted expenses (which are $427.4 million). This increase is primarily attributable to increases in personnel costs, safety and security costs and contractual services. The Fiscal Year 2025 budget assumes 12.5 million enplaned passengers, versus 12.1 million enplaned passengers in the Fiscal Year 2024 budget (a 3.0% increase).

Internal Controls. The Airport Authority's Vice President, Chief Financial Officer establishes a system of internal controls that provides reasonable assurance regarding the achievement of objectives in the following categories: safeguarding assets; ensuring validity of financial records and reports; promoting adherence to policies, procedures, regulations and laws; and promoting effectiveness and efficiency of operations. A Chief Auditor heads the internal audit department that conducts financial reviews and audits on a periodic basis, and reports directly to the Board. In addition, the Airport Authority has external auditors who review the annual financial statements of the Airport Authority and express an opinion that the contents present fairly, in all material respects, the financial condition of the Airport Authority.

Debt Issuance and Management Policy. The Airport Authority has established a formal debt issuance and management policy (the "**Debt Policy**") that was last amended by the Board in June 2023. The Debt Policy contains the policies of the Airport Authority that govern its existing and anticipated debt obligations. The Debt Policy contains, among other things, several goals and targets with respect to the Airport Authority's outstanding debt coverage ratios, airline costs per enplaned passenger, leverage ratios and available liquidity. The Debt Policy includes: (a) a debt service coverage target (Net Revenues (which, for purposes of the Debt Policy, includes PFCs used to pay debt service and the Federal Direct Payments) divided by annual debt service) of 1.40 times for combined debt service on Senior Bonds and Subordinate Obligations; (b) a target of unrestricted reserves of 600 days of budgeted operating and maintenance expenses for the current fiscal year; (c) a debt per enplanement target range of $300 to $400; and (d) a Net Debt to Cash Flow Available to Debt Service ("**CFADS**") target range of 8x to 11x. Net Debt to CFADS is the ratio of gross debt (including long-term capital leases) less unrestricted cash balances and debt service reserve funds divided by CFADS (which includes Net Revenues, Capitalized Interest and PFCs available for debt service). The Debt Policy is only the internal goals and targets of the Airport Authority. A failure of the Airport Authority to meet any of these goals and targets are not Events of Default under the Master Senior Indenture or the Subordinate Indenture.

Investment Practices. It is the policy of the Airport Authority to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Airport Authority. The investment policies and practices of the Airport Authority are based upon prudent money management and conform to all state and local statutes governing the investment of public funds. The Airport Authority is authorized by California Government Code Section 53600 *et seq.* and Section 53630 *et seq.* to invest in investments listed therein. Prohibited investments include but are not limited to, inverse floating rate notes, range notes, interest-only strips that are derived from a pool of mortgages and common stock. Investments that exceed five years to maturity require authorization by the Board at least 30 days prior to purchase.

The following table sets forth a summary of the Airport Authority's investments as of June 30, 2023:

TABLE 15
San Diego County Regional Airport Authority
Investments
(As of June 30, 2023)

Security Type	Market Value as of June 30, 2023	Percentage of Portfolio
U.S. Treasuries	$302,200,894	36.7%
U.S. Agency Securities	209,262,122	25.4
Medium Term Notes	99,183,584	12.0
Local Area Investment Fund (LAIF)	64,989,198	7.9
San Diego County Investment Pool	58,506,314	7.1
Cal Trust	33,030,634	4.0
Collateralized Bank Demand Deposits	38,881,372	4.7
Collateralized Mortgage Obligations	8,061,683	1.0
Supranationals	5,189,311	0.6
Municipal Bonds	4,927,782	0.6
Money Market Fund	278,356	<0.1
Total	$824,511,250	100.0%

Source: San Diego County Regional Airport Authority June 30, 2023 Investment Report.

Derivatives Policy. In September 2007, the Board adopted a derivatives policy which provides guidelines to be used by the Airport Authority when entering into derivative financial products, including, but not limited to, interest rate swaps, interest rate caps and rate locks. As of the date of this Official Statement, the Airport Authority has not entered into any contracts for derivative financial products.

Summary of Financial Results

Financial Results for Fiscal Years 2019 through 2022 (audited) and Fiscal Year 2023 (unaudited). The following table summarizes the financial results from operations for the Airport Authority for Fiscal Years 2019 through 2022 (audited) and Fiscal Year 2023 (unaudited). See "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021." Forvis, LLP, the Airport Authority's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included in Appendix B attached hereto, any procedures on the financial statements addressed in that report. Forvis, LLP also has not performed any procedures relating to this Official Statement. As of the date of this Official Statement, [the Airport Authority expects its audited financial statements for the Fiscal Year ended June 30, 2023 will be accepted by the Board in December 2023]. Upon acceptance by the Board, the Airport Authority will post the Fiscal Year 2023 audited financial statements on the MSRB's EMMA website. Except for certain adjustments that may be necessary to comply with GASB 87, the Airport Authority does not expect any material differences between the unaudited Fiscal Year 2023 financial results provided in the following table and the financial results that will be contained in its audited financial statements for Fiscal Year 2023.

TABLE 16
San Diego County Regional Airport Authority
Statements of Revenues, Expenses and Change in Net Position
(Dollars in Thousands)[1]

	2019	2020	2021[2]	2022	2023 (unaudited)[3]
Operating revenue:					
Aviation revenue					
Landing fees	$ 24,816	$ 33,242	$34,046	$35,354	$44,582
Aircraft parking fees	3,471	8,354	8,542	8,856	11,149
Building rentals	70,912	82,453	83,090	97,047	131,294
Security surcharge	33,559	–	–	–	–
Other aviation revenue	1,596	7,789	8,192	6,518	7,205
Concession revenue	71,256	57,243	41,801	88,138	83,634
Parking and ground transportation revenue	62,818	50,751	27,447	57,079	65,415
Ground rentals	22,810	21,386	19,177	23,265	27,792
Other operating revenue	2,441	1,818	1,680	2,999	3,735
Total operating revenue	293,679	263,036	223,975	319,253	374,806
Operating expenses:					
Salaries and benefits	49,578	51,667	52,922	46,373	51,149
Contractual services	49,903	37,694	24,977	34,491	45,573
Safety & security	31,397	29,457	35,086	34,191	33,811
Space rental	10,191	10,207	64	839	10,804
Utilities	13,194	12,748	11,730	14,193	17,803
Maintenance	13,436	11,584	9,111	10,747	16,334
Equipment and systems	375	336	425	340	922
Material and supplies	656	651	450	496	650
Insurance	1,200	1,308	1,519	1,741	1,997
Employee development & support	1,045	967	442	537	674
Business development	2,630	2,033	209	1,781	1,916
Equipment rental and repair	3,614	3,598	3,380	3,585	4,228
Total operating expenses before depreciation and amortization	177,219	162,250	140,315	149,314	185,861
Income from operations before depreciation and amortization	116,460	100,786	83,660	169,939	188,945
Depreciation and amortization	124,329	131,587	137,496	141,919	125,715
Operating (loss)	(7,869)	(30,801)	(53,836)	28,020	63,230
Non-operating revenues (expenses):					
Passenger facility charges	49,198	34,393	22,110	40,394	46,755
Customer facility charges	41,919	30,240	15,755	30,333	34,375
Federal Relief Grants (COVID-19)	–	36,895	77,219	78,922	–
Quieter Home Program, net	(3,192)	(3,295)	(3,233)	(2,541)	(2,051)
Joint Studies Program	(99)	–	–	–	–
Other interest income	–	–	6,748	7,263	1,219
Investment income	25,533	32,430	2,495	(48,884)	50,875
Interest expense	(74,501)	(73,612)	(76,628)	(109,675)	(118,897)
"Build America Bond" rebate	4,686	–	–	–	–
Other revenues (expenses), net	(510)	1,442	(705)	(13,316)	(1,655)
Non-operating revenue, net	43,033	58,493	43,761	(17,503)	10,621
Income before capital grant contributions	35,164	27,692	(10,075)	10,518	73,851
Capital grant contributions	8,213	4,072	13,932	12,958	52,287
Change in net position	43,378	31,764	3,857	23,476	126,138
Net position, beginning of year	809,925	853,302	885,066	888,925	912,401
Net position, end of year	$853,302	$885,066	$888,923	$912,401	$1,038,539

[1] Totals may not add due to rounding.
[2] Certain amounts for Fiscal Year 2021 were restated in accordance with Governmental Accounting Standards Board Statement No. 87.
[3] Unaudited and preliminary and subject to year-end adjustments. [As of the date of this Official Statement, the Airport Authority expects its audited financial statements for the Fiscal Year ended June 30, 2023 will be accepted by the Board in December 2023.] Upon acceptance by the Board, the Airport Authority will post the Fiscal Year 2022 audited financial statements on the MSRB's EMMA website.

Source: Fiscal Years 2019 through 2022 numbers are derived from the audited financial statements of the Airport Authority. Fiscal Year 2023 numbers are derived from the records of the Airport Authority.

Management's Discussion of Fiscal Year 2023 (unaudited) Financial Results. Total operating revenue for Fiscal Year 2023 was $374.8 million, an increase of $55.6 million or 17.4% over Fiscal Year 2022. Airline revenue for Fiscal Year 2023 increased $46.5 million or 31.4% over Fiscal Year 2022. The increase in total airline revenue was primarily due to the amended requirement for the funding of the Major Maintenance Fund in Fiscal Year 2023 following deferral of the fund requirements during the pandemic. An increase in the cost recovery also contributed to increased airline revenue. The increase in cost recovery was a result of higher operating expenses and debt service increasing. Non-airline revenue increased $9.1 million in Fiscal Year 2023. The Fiscal Year 2023 unaudited results do not yet reflect the GASB 87 adjustment. After removing the GASB 87 adjustment from Fiscal Year 2022 results non-airline revenues for Fiscal Year 2023 are up $17.5 million or 10.8% mainly due to higher enplanements.

Operating expenses, before depreciation, for Fiscal Year 2023 were $185.8 million, an increase of $36.5 million. The Fiscal Year 2023 unaudited results do not reflect the GASB 87 non-cash adjustment. After removing GASB 87 adjustment from Fiscal Year 2022 results, operating expenses are up $26.0 million or 17.5%, from Fiscal Year 2022. Contractual services increased by $11.1 million or 32.1%, mainly due to higher expenses for parking and shuttle operations, planning and environmental services, terminal operation costs, legal services, and information technology support. Maintenance expenses increased by $5.6 million, or 52.0%, due to an increase in annual and major maintenance. Salaries and benefits, increased by $4.8 million or 10.3%, due to wage and salary increases required under union contract agreements, pay-for-performance increases for non-union employees and additional pension expense. Utilities increased by $3.6 million or 25.4% due to increases gas and electric usage and rates

Non-operating revenue (net) increased by $28.2 million in Fiscal Year 2023. Investment income increased by $99.8 million due to higher cash balances and interest yields, and non-cash market value adjustments to the investments. Investment income is derived from interest earned by the Airport Authority on investments and includes unrealized gains and losses. In Fiscal Year 2022, the Airport Authority recorded a loss of $61.3 million as a result of unrealized investment losses compared to an unrealized gain of $11.7 million in Fiscal Year 2023 and interest earned increased by $26.8 million between Fiscal Year 2022 and Fiscal Year 2023. There were no fixed asset write offs in Fiscal Year 2023 compared to $13.5 million in Fiscal Year 2022. Enplanement increased PFC's and CFC's revenue by $10.4 million. These increases were offset by no federal relief grants being received in Fiscal Year 2023; the Airport Authority received $78.9 million of federal relief grants in Fiscal Year 2022 and higher interest expense of $9.1 million. In Fiscal Year 2023 capital grant contributions increased by $39.4 million compared to Fiscal Year 2022 due to the multi-year Airport Improvement Program grant commitment and Bipartisan Infrastructure Law grant received in Fiscal Year 2023. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Airport Improvement Program and Bipartisan Infrastructure Law Grants."

Revenue Diversity

The following table sets forth the top ten operating revenue providers at SDIA for Fiscal Year 2023.

TABLE 17
San Diego County Regional Airport Authority
Top Ten Operating Revenue Providers
(Fiscal Year 2023)[1]

	Revenue Provider	Revenues	Percent of Total Operating Revenue
1.	Southwest Airlines	$59,517,741	15.9%
2.	Alaska Airlines	29,361,297	7.8
3.	Delta Air Lines	28,222,722	4.5
4.	United Airlines	26,967,634	7.2
5.	American Airlines	21,754,057	5.8
6.	Avis Rent-A-Car	15,715,254	4.2
7.	Enterprise Rent-A-Car	14,532,491	3.9
8.	Hertz Rent-A-Car	12,587,839	3.4
9.	Uber Technologies, Inc.	11,222,131	3.0
10.	Signature Flight Support	7,617,329	2.0

[1] Preliminary; subject to year-end adjustments.
Source: San Diego County Regional Airport Authority

The following table sets forth the top ten operating revenue sources at SDIA for Fiscal Year 2023.

TABLE 18
San Diego County Regional Airport Authority
Top Ten Operating Revenue Sources
(Fiscal Year 2023)[1]

	Source	Revenue	Percent of Total Operating Revenue
1.	Building Rentals	$131,294,021	35.0%
2.	Parking Revenue	46,325,005	12.4
3.	Landing Fees	44,582,106	11.9
4.	Rental Car License Fees[2]	40,622,323	10.8
5.	Terminal Concessions	31,849,673	8.5
6.	Ground Rentals	25,062,616	6.7
7.	Ground Transportation Permits and Citations	19,089,593	5.1
8.	Aircraft Parking Fees	11,148,916	3.0
9.	Common Use System Support Charges	11,032,894	2.9
10.	License Fees – Other	8,660,733	2.3

[1] Preliminary; subject to year-end adjustments.
[2] Excludes CFC revenues, of which the Airport Authority recorded the receipt of $34.4 million in Fiscal Year 2023.
Source: San Diego County Regional Airport Authority

Historical Debt Service Coverage

The following table shows historical senior and subordinate debt service coverage for Fiscal Years 2019 through 2023. As of December 8, 2021, the Airport Authority defeased all of its then-Outstanding Senior Bonds. After this issuance of the Senior Series 2023 Bonds, the Senior Series 2023 Bonds will be the only Outstanding Senior Bonds. See " DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program" for a discussion of the Airport Authority's plans to issuance Additional Senior Bonds and/or Additional Subordinate Obligations to fund additional costs of the New T1.

TABLE 19
San Diego County Regional Airport Authority
Historical Senior and Subordinate Debt Service Coverage[1]

	2019	2020	2021	2022	2023[2]
Net Revenues					
Revenues[3]	$306,683,097	$280,572,988	$227,573,517	$324,096,640	$411,242,086
Operating and Maintenance Expenses	(165,925,555)	(152,377,707)	(139,258,325)	(156,925,116)	(178,250,331)
Plus: COVID-19 Federal Relief Funds Applied to Operating and Maintenance Expenses	–	16,080,061	51,237,039	60,790,418	–
Net Operating and Maintenance Expenses	*(165,925,555)*	*(136,297,647)*	*(88,021,286)*	*(96,134,968)*	*(178,250,331)*
Net Revenues Available for Debt Service	$140,757,542	$144,275,342	$139,552,231	$227,961,672	$232,991,755
Senior Debt Service					
Senior Bonds[4]					
Principal	$ 2,320,000	$ 7,925,000	$ 8,315,000	$3,635,598	–
Interest	18,174,150	18,081,350	17,685,100	7,195,563	–
Less: PFCs Applied to Senior Debt Service	(9,544,262)	(11,260,741)	(11,172,249)	(4,691,941)	–
Less: COVID-19 Federal Relief Funds Applied to Senior Debt Service	–	(6,501,585)	(3,406,934)	(1,539,286)	–
Total Senior Debt Service	10,949,889	8,244,024	11,420,917	4,599,934	–
Senior Debt Service Coverage	12.85x	17.50x	12.22x	49.56x	–
Subordinate Debt Service[5]					
Subordinate Net Revenues Available for Debt Service	$129,807,653	$136,031,318	$128,131,313	$223,361,738	$232,991,755
Subordinate Bonds[6]					
Principal	$15,895,000	$17,745,000	$22,315,000	$34,040,000	$43,385,000
Interest[7]	37,917,500	39,404,449	41,720,733	48,876,516	56,052,373
Variable Rate Debt[8]	7,497,649	1,894,813	–	–	–
Less: PFCs Applied to Subordinate Debt Service	(20,461,071)	(18,744,592)	(8,833,085)	(25,313,393)	–
Less: COVID-19 Federal Relief Funds Applied to Subordinate Debt Service	–	(14,313,843)	(22,593,066)	(16,460,714)	–
Total Subordinate Debt Service	$40,849,078	$25,985,827	$32,609,582	$41,142,409	$99,437,373
Subordinate Debt Service Coverage	3.18x	5.23x	3.93x	5.43x	2.34x
Aggregate Senior and Subordinate Debt Service					
Net Revenues Available for Debt Service	$140,757,542	$144,275,342	$139,552,231	$227,961,672	$232,991,755
Aggregate Debt Service (Bonds)					
Principal	18,215,000	25,670,000	30,630,000	37,675,598	43,385,000
Interest[7]	56,091,650	57,485,799	59,405,833	56,072,079	56,052,373
Variable Rate Debt[8]	7,497,649	1,894,813	–	–	–
Less: PFCs Applied to Senior and Subordinate Debt Service	(30,005,333)	(30,005,333)	(20,005,333)	(30,005,334)	–
Less: COVID-19 Federal Relief Funds Applied to Senior and Subordinate Debt Service	–	(20,815,428)	(26,000,000)	(18,000,000)	–
Total Aggregate Debt Service	$51,798,966	$34,229,851	$44,030,500	$45,742,343	$99,437,373
Aggregate Debt Service Coverage	2.72x	4.21x	3.17x	4.98x	2.34x

[1] Except as otherwise noted, the numbers and coverage ratios are calculated pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture.
[2] Preliminary; subject to year-end adjustments.
[3] Does not include grants which are otherwise included in the definition of Revenues. Grants which are not otherwise restricted by their terms to the payment of debt service on Senior Bonds and/or Subordinate Obligations are included in the definition of Revenues.
[4] Includes principal of and interest paid on the Senior Series 2013 Bonds, which were fully defeased on December 8, 2021.
[5] Subordinate Debt Service is calculated pursuant to the provisions of the Master Subordinate Indenture.

[6] Includes principal of and interest paid on the Airport Authority's Subordinate Airport Revenue Bonds, Series 2010A, Series 2010B and Series 2010C (which were defeased in whole in Fiscal Year 2020), the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020 Bonds and the Subordinate Series 2021 Bonds.

[7] Net of interest paid with proceeds of the Subordinate Series 2017 Bonds through January 1, 2019, proceeds of the Subordinate Series 2019 Bonds through January 1, 2021, proceeds of the Subordinate Series 2021A Bonds and the Subordinate Series 2021B Bonds and the Federal Direct Payments received by the Airport Authority with respect to the Subordinate Series 2010C Bonds.

[8] Includes principal and interest paid on certain Subordinate revolving obligations and commitment fees paid to the providers of certain Subordinate revolving lines of credit and purchasers of certain Subordinate drawdown bonds.

Source: San Diego County Regional Airport Authority

Historical Airline Cost Per Enplaned Passenger

The following table sets forth historical airline costs (landing fees, terminal building rentals, airport police/security reimbursement fees and fuel and other franchise fees) of operating at SDIA for the past five Fiscal Years.

TABLE 20
San Diego International Airport
Airline Derived Revenue Per Passenger

Airline Revenues[1]	2019	2020	2021	2022	2023[2]
Joint Use Fees[3]	$ –	$ 49,426,560	$ 55,229,873	$ 62,362,974	$ 79,064,006
Landing Fees[4]	24,973,853	31,605,811	30,942,421	33,343,343	42,634,158
Terminal Rentals[4,5]	65,819,807	28,107,630	25,372,323	30,773,369	46,423,635
Common Use Fees	1,407,707	7,627,629	7,369,019	8,230,945	11,032,894
Aircraft Parking Fees[6]	3,471,363	6,800,018	6,859,419	6,885,847	9,516,261
FIS Use Charges	3,532,491	3,261,820	984,860	2,201,290	3,219,300
Security Surcharge[7]	33,558,621	–	–	–	–
Incentive Program	–	–	(62,080)	(2,078,912)	(4,097,315)
Total Airline Revenue	$132,763,842	$126,829,468	$126,695,834	$141,718,856	$187,792,939
Enplaned Passengers	12,356,286	9,235,459	4,860,931	9,953,162	11,867,569
Airline Derived Revenue Per Passenger	$10.74	$13.73	$26.06	$14.24	$15.82

[1] Includes both Signatory and Non-Signatory Airline Revenues.
[2] Preliminary; subject to year-end adjustments.
[3] Joint Use Fees became effective with the commencement of the current Airline Lease Agreement on July 1, 2019. The Joint Use Fees include charges for terminal premises used jointly with other tenants and the use by the airlines of passenger loading bridges, baggage handling systems, flight information displays, gate information displays, baggage information displays, paging, and Airport Authority provided staffing, contractual services, facilities, equipment, and other support systems that provide security and other resources supporting passenger carrier operations.
[4] Excludes rebates.
[5] Excludes Executive Lounge rent of approximately $1.9 million in Fiscal Year 2019, $1.7 million in Fiscal Year 2020, $1.5 million in Fiscal Year 2021, $1.8 million in Fiscal Year 2022 and $[•] million in Fiscal Year 2023.
[6] Amount excludes general aviation remote overnight parking.
[7] Beginning on July 1, 2019 (the commencement date of the current Airline Lease Agreement), the Security Surcharge is included in the Joint Use Fees and the Landing Fees.
Source: San Diego County Regional Airport Authority

Liquidity and Available Funds

As of June 30, 2023, the Airport Authority had the following unrestricted funds and investments on hand that could be used for all operating expenses of the Airport Authority and to pay debt service on the Senior Bonds and the Subordinate Obligations.

Unrestricted Cash and Investments[1]

Cash and investments	$128,228,420
Cash designated for capital projects and other	16,003,736
Major Maintenance Fund	82,998,949
Operation and Maintenance Reserve Subaccount	17,932,678
Operation and Maintenance Subaccount	46,342,596
Renewal and Replacement Account	5,400,000
Small Business Bond Guarantee	2,222,300
Investments – long-term portion	389,193,321
Total Unrestricted Cash and Investments	$688,322,000
Discretionary Cash[2]	$618,646,726

[1] Preliminary; subject to year-end adjustments.
[2] Excludes Operation and Maintenance Reserve Subaccount, Operation and Maintenance Subaccount, and Renewal and Replacement Account.

As of June 30, 2023, the Airport Authority's "days-cash-on-hand" was 1,235 days, which was calculated using Total Unrestricted Cash and Investments (minus the deposits to the Major Maintenance Fund and minus the Small Business Bond Guarantee) set forth in the table above and the Operation and Maintenance Expenses of the Airport System for Fiscal Year 2023 ($178.3 million (unaudited)).

As of June 30, 2022, the Airport Authority's "days-cash-on-hand" was 1,100 days, which was calculated using Total Unrestricted Cash and Investments of $472.9 million (minus the deposits to the Major Maintenance Fund ($34.3 million) and minus the Small Business Bond Guarantee ($2.2 million)) and the Operation and Maintenance Expenses of the Airport System for Fiscal Year 2022 ($156.9 million).

Pursuant to the provisions of the Airline Lease Agreements, the Airport Authority has agreed to use any available cash over 600 "days-cash-on-hand" to either (a) reduce the amount of bonds outstanding in a subsequent Fiscal Year or (b) fund future capital projects. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources of Capital Program" and APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT."

In addition to the unrestricted funds and investments, the Airport Authority had the following restricted funds and investments on hand (or held by the Senior Trustee and the Subordinate Trustee) as of June 30, 2023:

Restricted Cash and Investments (excluding CFCs)[1]

Bond proceeds held by Trustee – Construction	$1,051,846,294
Debt Service Reserve Funds held by Trustee – Subordinate Bonds	185,635,563
Bond proceeds held by Trustee – Capitalized Interest	167,425,953
Passenger Facility Charges	105,594,340
Debt Service Funds held by Trustee	72,735,812
Total Restricted Cash and Investments	$1,583,237,962

[1] Preliminary; subject to year-end adjustments.

Federal Aid Related to COVID-19

In 2020 and 2021, the United States government took several legislative and regulatory actions and implemented measures to mitigate the broad disruptive effects of the COVID-19 pandemic. Among these measures was the adoption of the Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**"), the Coronavirus Response and Relief Supplemental Appropriations Act (the "**CRRSAA**"), and American Rescue Plan Act ("**ARPA**"), pursuant to which the Airport Authority was awarded $203,758,957 (collectively, the "**COVID-19 Federal Relief Funds**"). In Fiscal Years 2020, 2021 and 2022, the Airport Authority drew all of its COVID-19 Federal Relief Funds to make debt service payments, to fund Maintenance and Operation Expenses of the Airport System and to provide relief to concessionaires at SDIA.

Pension and Retirement Plans

Airport Authority Pension Plan. All full-time employees of the Airport Authority are required to participate in the Airport Authority's defined-benefit pension plan, the Amended and Restated San Diego County Regional Airport Authority Retirement Plan and Trust of 2013 (the "**Airport Authority Pension Plan**"), which provides retirement and disability benefits, annual cost-of-living adjustments, a deferred retirement option plan for eligible employees, and death benefits to plan members and beneficiaries. The Airport Authority Pension Plan is administered by the San Diego City Employees' Retirement System ("**SDCERS**"), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the City, the Port District and the Airport Authority, and is administered by the Retirement Board of Administration (the "**Retirement Board**"). Each of the Airport Authority, the City and the Port District has a separate plan and each employer's contributions are held in trust, although all contributions to SDCERS are pooled for investment purposes, managed and invested by the Retirement Board.

SDCERS uses actuarial developed methods and assumptions to determine the level of contributions required to achieve and maintain an appropriate funded status for the Airport Authority Pension Plan. Member contribution rates, as a percentage of salary, vary according to age at entry, benefit tier level, and certain negotiated contracts which provide for the Airport Authority to pay a portion of the employees' contributions. For Fiscal Year 2023, the Airport Authority's contribution rate as a percentage of covered payroll was 22.9%, as compared to 30.4% for Fiscal Year 2022. For Fiscal Year 2023 the Airport Authority contributed approximately $7.7 million (preliminary; subject to year-end adjustments) to the Airport Authority Pension Fund, and for Fiscal Year 2022, the Airport Authority contributed approximately $9.1 million to the Airport Authority Pension Fund. For Fiscal Year 2024, the Airport Authority budgeted approximately $7.6 million to the Airport Authority Pension Fund. These contribution rates were greater than the actuarially determined contribution rates. The Airport Authority has always made its full required contributions to the Airport Authority Pension Plan. The Airport Authority cannot predict the levels of funding that will be required in the future.

See "NOTE 7. DEFINED BENEFIT PLAN" and "REQUIRED SUPPLEMENTARY INFORMATION" in the Airport Authority's financial statements for the year ended June 30, 2022 attached hereto as "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021" for more information on the Airport Authority's Pension Plan, including funding levels. As of the June 30, 2022 actuarial valuation, the funding ratio of the Airport Authority's Pension Plan was 95.4%, compared to 94.6% as of June 30, 2021. Additionally, complete copies of SDCERS' comprehensive annual financial reports and the actuarial reports with respect to the Airport Authority Pension Plan can be obtained from SDCERS by writing to the San Diego City Employees' Retirement System, Suite 400, 401 West A Street, San Diego, California 92101 and from the SDCERS website at www.sdcers.org. No information contained on such website is incorporated into this Official Statement.

Postemployment Health Benefits. In addition to the pension benefits provided under the Airport Authority Pension Plan, the Airport Authority provides medical, dental, vision and life insurance postretirement benefits ("**Postemployment Health Benefits**") for nonunion employees hired prior to

May 1, 2006, and union employees hired prior to October 1, 2008. The employees are eligible for these benefits if they retire from active employment after age 55 with 20 years of service or age 62 with five years of service. In May 2009, the Board approved an agreement with the California Employers' Retiree Benefit Trust ("**CERBT**") fund, which is managed by the California Public Employees Retirement System ("**CalPERS**"), to administer the Airport Authority's Postemployment Health Benefits.

For Fiscal Year 2023, the Airport Authority paid approximately $1.0 million (preliminary; subject to year-end adjustments) for Postemployment Health Benefits, which was the same as what it paid in Fiscal Year 2022. For Fiscal Year 2024, the Airport Authority has budgeted approximately $864,000 for Postemployment Health Benefits. As of the June 30, 2022 actuarial valuation, the Airport Authority's funding ratio for the Postemployment Health Benefits was 98.5% as compared to 114.8% as of June 30, 2021

Nonunion employees hired after May 1, 2006 and union employees hired after October 1, 2008 are not eligible to receive the Postemployment Health Benefits described above, but they are eligible to participate in a retiree funded health reimbursement arrangement ("**R-FHRA**"). Currently, approximately 270 employees of the Airport Authority participate in R-FHRA. The Airport Authority contributes approximately $600 per year to R-FHRA for each eligible employee, and each eligible employee can irrevocably elect within the first 30 days of employment, to contribute an additional $300 per year. Upon their separation of employment from the Airport Authority, participants in R-FHRA may use the amounts deposited to R-FHRA by the Airport Authority and the participant to pay for eligible medical expenses.

See "NOTE 10. OTHER POSTEMPLOYMENT BENEFITS" and "REQUIRED SUPPLEMENTARY INFORMATION" in the Airport Authority's financial statements for the year ended June 30, 2022 attached hereto as "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021" for more information on the Airport Authority's Postemployment Health Benefits.

Risk Management and Insurance

Pursuant to the Senior Indenture and the Subordinate Indenture the Airport Authority is required to procure and maintain commercial insurance with respect to the facilities constituting the Airport System and public liability insurance in the form of commercial insurance if such insurance is obtainable at reasonable rates and upon reasonable terms and conditions. The amounts and risks required to be insured under the Senior Indenture and the Subordinate Indenture are subject to the Airport Authority's prudent judgment taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports. The Airport Authority may satisfy some of these insurance requirements through qualified self-insurance or self-insured retentions.

The Airport Authority maintains a robust insurance program, including insurance for commercial general liability, property, public officials and employment practices, privacy and cyber network security, crime, fiduciary, automobile, and workers compensation. Construction activity is insured through Owner Controlled Insurance Programs ("**OCIPs**") that provide general liability coverage. This is achieved either by placing a stand-alone OCIP for large projects or a flexible or "rolling" OCIP program designed to encompass all the smaller capital improvement projects together

The Airport Authority maintains airport owners and operators primary general liability insurance with coverage of $500 million for losses arising out of liability for airport operations.

The Airport Authority maintains a property insurance policy with limits of $750 million providing all risk and flood coverage on physical assets. The cost of earthquake insurance coverage for the Airport remains cost prohibitive and is not available in significant amounts. Effective July 1, 2007, the Airport Authority removed the purchase of commercial earthquake insurance from its Risk Management program and increased reliance on the laws designed to assist public entities through the Federal Emergency Management Agency ("**FEMA**") and the California Disaster Assistance Act ("**CDDA**"). As of July 1, 2023, the Airport Authority had designated approximately $13.8 million from its net position as an insurance contingency in the event of damage caused to the Airport by an earthquake. In the future, the Airport Authority could decide to increase or decrease the amount of this reserve.

Additionally, a $2 million contingency reserve has been established, within unrestricted net position, by the Airport Authority's management to respond to uninsured and underinsured catastrophic losses. This fund is maintained pursuant to Board action only; there is no other requirement that it be maintained. Management considers this contingency reserve to be designated to cover the cost of future retentions, deductibles and uninsured claims.

The overall insurance portfolio as well as each individual line of coverage renews annually. Prior to renewal, the Airport Authority works with its team of insurance brokers, currently Willis Towers Watson, to analyze adequacy of coverage, limits, terms and conditions, market conditions and new market offerings. During Fiscal Year 2023, except for the property insurance policy, there were no reductions in insurance coverage from the prior year.

[For the New T1 program, the Airport Authority maintains an OCIP for general liability coverage in an amount not to exceed $[20] million. Additionally, the Airport Authority maintains a "builders risk" insurance policy in an amount not to exceed $[15] million for the New T1 program.]

The Airport Authority also has an active loss prevention program staffed by a Director of Finance and Risk, a Risk Manager, a Senior Risk Analyst and an Administrative Assistant. Loss control engineers from the Airport Authority's property and casualty insurers conduct annual safety survey and site inspections. Claims are monitored and administered by Willis Towers Watson, with Airport Authority oversight and control.

DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT

Master Plan

In 2008, the Board approved the first-ever Airport Master Plan for San Diego International Airport (the "**Master Plan**"). The Master Plan identified four primary airport components to be improved at SDIA: airfield, terminal, ground transportation and airport support. The airfield component included improved efficient aircraft movement areas such as the existing single runway, taxiways and aircraft parking apron. The terminal component included passenger processing areas including ticket counters, security facilities, hold rooms and baggage claim. The ground transportation component included the roadway/transit circulation system, parking areas and rental car facilities. The airport support component included the Airport/airline maintenance, cargo and general aviation facilities.

Over the past 15 years, the Airport has constructed and implemented major projects that improve the primary four components identified in the Master Plan. The improvements included a 10-gate expansion of Terminal 2 West, an elevated departure roadway, a three-level parking plaza at Terminal 2, an expanded FIS facility at Terminal 2 West and an airline support/belly cargo facility. Additional improvements constructed and placed into operations on the north side of SDIA include a new general aviation facility, the RDC, a new on-airport circulation road, the Rental Car Center and an expansion of aircraft fuel storage tanks.

In January 2020, the Board approved and adopted the New T1, which guides the next phase of master planning at SDIA including a replacement of the aged Terminal 1 with a new 30-gate Terminal 1, a dual taxiway for improved aircraft circulation, a three-lane vehicle entry road and elevated departure roadway, and a second 5-level parking plaza serving Terminal 1. See "—Capital Program—New T1" below.

Capital Program

The Airport Authority maintains the Capital Program, which is a rolling five-year program that provides for critical improvements and asset preservation for the Airport Authority. The Capital Program contains two main components: (1) the New T1 program that consists of the replacement of the current Terminal 1 with a larger, more efficient facility, certain airfield enhancements and roadway and parking improvements and a new administration building for the Airport Authority, and (2) the CIP, that addresses airfield safety and capacity, environmental protection, terminal enhancements, landside infrastructure and access improvements. The New T1 is expected to be designed and constructed through Fiscal Year 2028, and all approved open projects of the CIP are anticipated to be completed between Fiscal Years 2024 through 2028. The Capital Program has a budgeted cost of $3.854 billion (as of June 30, 2023, $999.5 million of this cost had been incurred), of which approximately $3.464 billion is the approved budgeted cost of the New T1.

New T1. In 2012, the Airport Authority embarked on a new master-planning effort for SDIA to identify the facilities needed to meet the Airport's anticipated passenger demand through 2035. Between Fiscal Years 2015 and 2019, SDIA had record-breaking passenger growth with approximately 24.7 million passengers being served in Fiscal Year 2019, along with approximately 228,000 operations in Fiscal Year 2019. Activity levels at the Airport are estimated to surpass 39 million passengers and 280,000 aircraft operations in 2035, based on the aviation planning forecast completed by the Airport Authority in April 2019 and approved by the FAA in June 2019.

The cornerstone of the New T1 is the replacement of Terminal 1, which is over 50 years old, with a more modern, comfortable, and efficient terminal facility. The new terminal will have 30 gates (11 more gates than the existing Terminal 1) and be able to accommodate both narrow-body and wide-body aircraft. The terminal building layout design was developed to accommodate existing and projected airline fleet mix requirements, including additional "Airplane Design Group" III (i.e., Boeing 737-700), IV (i.e., Boeing 767) and V (i.e., Boeing 777) gates. The new Terminal 1 will be served by a dual-level curbside, a new close-in parking structure (approximately 5,200 parking spaces), and new entry and circulation roadways. Other components that are part of the New T1 include a new Airport Authority administration building and multiple airfield improvements, such as a new apron area for the new terminal, a new Taxiway A, relocation of Taxiway B and reconfigured remain-overnight aircraft parking positions. Additional mobility-focused project components include new pedestrian and bicycle infrastructure, a dedicated airport shuttle service between the Old Town Transit Center and SDIA, and designation of a "transit-ready" area adjacent to the new parking structure for a potential future connection to the region's transit system (which is currently in the planning stages). The New T1 will improve the customer experience for all passengers and provide improved aircraft circulation and facilities for SDIA's airline tenants. See "APPENDIX A—FINANCIAL FEASIBILITY REPORT" for additional details on various components of the New T1.

Construction activities for the New T1 began in November 2021. The first phase of the new Terminal 1 (19 gates) is expected to open in September 2025, and full completion of the new facility (30 gates) and associated roadway and airfield improvements in early 2028. The Airport Authority's new administration building is expected to open in October 2023. As of the date of this Official Statement, design and construction of the New T1 is on schedule.

Design and Construction of the New T1. The New T1 consists of three components: (1) Terminal and Roadways (the "**Terminal and Roadways Component**"), (2) Airside Improvements (the "**Airside Component**") and (3) Administration Building (the "**Administration Building Component**").

The New T1 is being procured utilizing "progressive design-build" and "design-bid-build" delivery methods. The Terminal and Roadways Component is being undertaken pursuant to a Progressive Design-Build Agreement (the "**Terminal and Roadway Agreement**") between the Airport Authority and the Terminal and Roadway Contractor (Turner-Flatiron, A Joint Venture). On October 7, 2021, the Board approved a maximum contract price of approximately $2,610,400,000 under the Terminal and Roadway Agreement for the design and construction of the Terminal and Roadways Component. Since approving the maximum contract price in October 2021, global inflationary pressures have resulted in an increase in construction costs above what was anticipated by the $105 million escalation allowance included in the maximum contract price. The Airport Authority is in the process of negotiating a guaranteed maximum price with the Terminal and Roadway Contractor and the escalation allowance developed in 2021 will be revised.

As of the date of this Official Statement, the Airport Authority is estimating that the budget for the New T1 may increase by up to 11% from the original approved budget (which increase is attributable to the Terminal and Roadways Component). However, the existing program contingencies and allowances may be sufficient to cover some of the expected increases in cost due to inflation. Over the next several months, the Airport Authority and the Terminal and Roadway Contractor will continue to refine the total cost of the Terminals and Roadways Component, and will agree on a revised maximum contract price and then establish a guaranteed maximum price.

Design of the Airside Component was undertaken pursuant to a design contract between the Airport Authority and Jacobs. The design of the Airside Component has been completed. Construction of the Airside Component is being undertaken pursuant to a construction contract (the "**Airside Construction Agreement**") between the Airport Authority and the Airside Contractor (Griffith Company). On October 7, 2021, the Board approved a contract price of $251,671,315 under the Airside Construction Agreement for the construction of the Airside Component.

The Administration Building Component is being undertaken pursuant to a design-build contract (as amended, the "**Administration Building Agreement**") between the Airport Authority and the Administration Building Contractor (Sundt Construction, Inc.). On July 1, 2021, the Board approved a maximum guaranteed contract price of $91,379,967 under the Administration Building Agreement for the design and construction of the Administration Building Component. Subsequent to the approval of the maximum contract price, the Administration Building Contractor and the Airport Authority agreed to several change orders which increased the maximum guaranteed contract price to $97,630,002.

As of August 1, 2023 (i) the design of the first 19 gates of the new Terminal 1 was 100% complete, while the design of the remaining 11 gates of the new Terminal 1 were approximately 90% complete, (ii) the design of the other parts of the Terminal and Roadway Component (roadways and parking structure) was 90% complete, and (iii) the design of the Airside Component and the Administration Building Component was 100% complete. As of August 1, 2023 (i) construction of the first 19 gates of the new Terminal 1 (which are expected to open in September 2025) was 26% complete and construction of the other parts of the Terminal and Roadway Component (roadways and parking structure) was 37% complete, and (ii) construction of the Airside Component (which is expected to be completed by November, 2028) was 17.5% complete. The remaining 11 gates of the Terminal and Roadway Component Construction are expected to begin construction in October 2025, and are expected to be completed by January 2028. Construction of the Administration Building Component is expected to be completed in September 2023, with Airport Authority staff commencing utilization of the building in October 2023.

Environmental Approvals. In March 2017, the Board approved the development of environmental review documents for the New T1. A draft Environmental Impact Report ("**EIR**") for the proposed project was subsequently released in the summer of 2018 for public review, as required under the California Environmental Quality Act. The Airport Authority received numerous comment letters, and between October 2018 and July 2019, the Airport Authority participated in over 100 meetings with key stakeholders to further refine the proposed project and its associated environmental review documents. As result of this additional stakeholder engagement, the Airport Authority recirculated a draft EIR in September 2019 for public review. On January 9, 2020, the Board certified the Final EIR for the New T1. Additionally, in September 2021, the California Coastal Commission (the "**Coastal Commission**") approved the New T1, subject to certain conditions, including, among others, implementation of a shuttle system between the Old Town Transit Center and the Airport, providing a comprehensive transit and roadway improvement status report to the Coastal Commission documenting the Airport Authority's efforts to add or improve mass transit linkages to the Airport for Airport employees and the public and roadway mitigation for traffic impacts, provide a plan to the Coastal Commission that will identify, evaluate and development greenhouse gas emissions reduction measures for incorporation into the design, construction and operation of the New T1, and provide the Coastal Commission with a revised stormwater pollution prevention plan. The Airport Authority also has coordinated with the FAA to conduct the federal environmental review in accordance with the National Environmental Policy Act ("**NEPA**"). The Airport Authority prepared a draft Environmental Assessment that was available for public review and comment through August 2, 2021. On October 22, 2021, the Airport Authority received a "Finding of No Significant Impact" from the United States Environmental Protection Agency ("**EPA**") pursuant to NEPA with respect to the New T1. The Airport Authority has received all material environmental approvals for the New T1.

CIP. In addition to the Master Plan and the New T1, the Board has adopted a capital improvements program policy (the "**CIP Policy**"), which requires the Airport Authority to establish a CIP for the orderly maintenance and development of SDIA. Pursuant to the CIP Policy, each year the Airport Authority's President and CEO is required to submit to the Board a development program of desirable capital improvements that are within the Airport Authority's financial funding capability. The Airport Authority's current CIP sets forth projects that were completed and are anticipated to be completed at SDIA between Fiscal Years 2024 and 2028. The projects in the CIP include, among others, the purchase of new rental car center buses, remodeling certain portions of Terminal 2 East, offsite roadway improvements, solid and liquid waste facilities, replacement of baggage handling system and makeup units in Terminal 2 East and various other airfield, terminal and landside projects. The CIP has an estimated cost of approximately $389 million.

Funding Sources for Capital Program

General. The Airport Authority anticipates financing the design, construction and equipping of the New T1 and the CIP with a combination of proceeds of the Senior Series 2023 Bonds (approximately $[•] million); proceeds of the Subordinate Series 2019 Bonds and the Subordinate Series 2021A/B Bonds (approximately $1.7 billion); proceeds of Additional Senior Bonds and/or Additional Subordinate Obligations (approximately $[•] million); internally generated cash of the Airport Authority (approximately $340.7 million); moneys on deposit in the Major Maintenance Fund (approximately $66.2 million); PFC revenues on a pay-as-you-go basis (approximately $100,000); federal grants (approximately $352.3 million), including federal Airport Improvement Program grants, federal Airport Infrastructure Grants and federal Airport Terminal Program grants; and other sources (approximately $3.7 million). As of June 30, 2023, approximately $918.6 million had been spent on the New T1 and approximately $80.9 million had been spent on the CIP projects. The following table sets forth the anticipated sources of funding for the Capital Program. Also see "Table 1: Estimated Capital Program Costs and Funding Plan for FY 2024-2028" in "APPENDIX A—FINANCIAL FEASIBILITY REPORT" for additional information on the funding sources of the Capital Program.

TABLE 21
San Diego County Regional Airport Authority
Funding Sources for Capital Program
($000)

	Estimated Cost	**Series 2023 Bonds**	**Series 2019/ 2021A/B Bonds**	**Future Senior/Sub. Bonds**	**Federal Grants[2]**	**Airport Authority Funds**	**Major Maintenance Fund**	**PFCs**	**Other**
New T1									
Total New T1	$3,834,300	$970,262	$1,548,591	$791,238	$304,209	$220,000	–	–	–
CIP									
Rental Car Center Buses	$36,000	–	–	–	7,500	28,500	–	–	–
CIP Support	34,067	–	–	–	–	34,067	–	–	–
Offsite intersection/ roadway improvements	33,600	–	33,600	–	–	–	–	–	–
Expand/Remodel Terminal 2 East	30,000	–	–	–	25,000	–	$5,000	–	–
Solid & Liquid Waste Facilities	26,101	–	13,051	–	–	13,050	–	–	–
Replace baggage handling system & makeup units – Terminal 2 East	22,920	–	–	–	–	–	22,920	–	–
Northside apron improvements	15,200	–	15,039	–	–	–	161	–	–
Security network redesign	13,038	–	13,038	–	–	–	–	–	–
Rehabilitate ARFF Station	11,270	–	–	–	7,500	–	3,770	–	–
Fiscal Year 2024-28 CIP Allowance	10,000	–	–	–	–	10,000	–	–	–
Other Projects	157,053	–	75,773	–	8,110	35,048	34,357	$107	$3,657
Total CIP	$389,248	–	$150,500	–	$48,110	$120,665	$66,209	$107	$3,657
Total Capital Program	$4,223,548	$970,262	$1,699,091	$791,238	$352,319	$340,665	$66,209	$107	$3,657

[[1] Includes investment earnings.]
[[2] Includes federal Airport Improvement Program grants, federal Airport Infrastructure Grants and federal Airport Terminal Program grants.
Source: San Diego County Regional Airport Authority

Senior Series 2023 Bonds, Subordinate Series 2021A/B Bonds, Subordinate Series 2019 Bonds and Additional Senior Bonds and/or Additional Subordinate Obligations. The Airport Authority will use approximately $[•] million of the proceeds of the Senior Series 2023 Bonds, approximately $1.572 billion of the proceeds of the Subordinate Series 2021A/B Bonds and $127.1 million of the proceeds of the Subordinate Series 2019 Bonds to finance the New T1 and the CIP. Based on the various current estimates and assumptions related to the New T1 and the CIP and the Airport Authority's operations, the Airport Authority currently anticipates that, after the issuance of the Senior Series 2023 Bonds, it will issue approximately $[•] million of Additional Senior Bonds and/or Additional Subordinate Obligations between Fiscal Years 2025 and 2026 to finance additional costs of the New T1. The dates of issuance of the Additional Senior Bonds and/or Additional Subordinate Obligations to finance additional costs of the New T1 will be dependent on when the Airport Authority needs additional funds to finance the design and construction of the New T1.

Airport Authority Funds and Other Sources. The Airport Authority will use approximately $340.7 million of available funds of the Airport Authority, approximately $66.2 million of moneys on deposit in the Major Maintenance Fund and approximately $3.7 million of other moneys (consisting of funds received from the consortium of airlines funding the fuel facility projects ($3.5 million), and local grant funding for electric supply equipment ($200,000) to finance a portion of the costs of the New T1 and the CIP.

Passenger Facility Charges. The PFC Act, as implemented by the FAA pursuant to the PFC Regulations, permits public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a $1.00, $2.00 or $3.00 PFC with certain qualifying airports permitted to charge a maximum PFC of $4.50. Regardless of the number of PFC applications which have been approved by the FAA, an airport can only collect a maximum of $4.50 on each enplaning passenger. Public agencies wishing to impose and use these PFCs must apply to the FAA for such authority and satisfy the requirements of the PFC Act.

The purpose of the PFC is to develop an additional capital funding source to provide for the expansion of the national airport system. Under the PFC Act, the proceeds from PFCs are required to be used to finance eligible airport-related projects that serve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers.

The Port District initially received approval from the FAA to impose a $3.00 PFC at SDIA. The approval for the PFC was transferred by the FAA to the Airport Authority, effective January 1, 2003. On May 20, 2003, the FAA approved the Airport Authority's PFC application to increase the charge per enplaned passenger from $3.00 to $4.50 beginning August 1, 2003. The Airport Authority has received approval from the FAA, pursuant to 11 separate applications, to collect, and use, a PFC on each enplaning passenger at SDIA totaling approximately $1.6 billion. The Airport Authority has closed nine of the PFC Applications; these applications having been fully funded and the projects they financed having been completed. As of June 30, 2023, there were two active PFC Applications.

As of June 30, 2023, the Airport Authority had recorded the receipt of approximately $911.7 million of PFCs (consisting of $889.4 million of PFCs collections and $22.3 million of interest). As of June 30, 2023, the Airport Authority had disbursed a total of $806.2 million of PFCs on approved capital projects expenditures.

The following table sets forth a summary of the Airport Authority's approved PFC applications through June 30, 2023.

TABLE 22
San Diego County Regional Airport Authority
Approved PFC Applications

PFC Applications	Approval Date	Amended Approval Amount[1,2]
1-5, 7, 10, 11 and 13[3,4]	Various	$ 438,030,936
8	2010	1,118,567,229
12	2016	43,795,768
Total		$1,600,393,933

[1] Includes the amount of PFCs the FAA has authorized the Airport Authority to collect and use at SDIA.
[2] Authorization to collect PFCs under all of the applications and amendments expires on November 1, 2039, however, such authorization to collect PFCs could expire earlier if the total authorized amount is collected prior to November 1, 2039.
[3] The Airport Authority withdrew PFC Application #6 and PFC Application #9 was skipped due to internal FAA system processing.
[4] The Airport Authority has closed PFC Applications 1-5, 7, 10, 11 and 13; these applications having been fully funded and the projects they financed having been completed.
Source: San Diego County Regional Airport Authority

The PFCs collected pursuant to the PFC Applications have been and will be used to finance all or a portion of certain capital improvements at SDIA including, among other things, the Airport Authority's noise mitigation program, and projects associated with the New T1 and the CIP. As described in additional detail in the Feasibility Report, between Fiscal Years 2024 and 2029, the Airport Authority expects to use approximately $17.6 million of PFCs on a pay-as-you-go basis to finance costs of the "Quieter Home Program" (as described under "AIRPORT ENVIRONMENTAL MATTERS—Airport Noise—Community Sound Attenuation Program"). Additionally, as described in additional detail in the Feasibility Report, in Fiscal Years 2024 through 2029, the Airport Authority expects to use approximately $310.0 million of PFCs to pay debt service on PFC Eligible Bonds (including a portion of the Subordinate Series 2019A Bonds, a portion of the Subordinate Series 2020 Bonds, a portion of the Subordinate Series 2021 Bonds, a portion of the Senior Series 2023 Bonds and certain Additional Senior Bonds and/or Additional Subordinate Obligations expected to be issued to finance a portion of the New T1). Pursuant to the Airline Lease Agreements, the Airport Authority has agreed to set aside $30 million of PFCs each Fiscal Year during the three Fiscal Years prior to the opening of the first phase of the new Terminal 1 to be constructed as part of the New T1 (expected in July 2025), and to use those PFCs in the three Fiscal Years following the opening of the first phase of the new Terminal 1 to pay debt service on Senior Bonds and/or Subordinate Obligations the proceeds of which are expected to be used to finance the construction of the new Terminal 1. The Airport Authority has agreed to consult with the Signatory Airlines on an annual basis regarding the use of the PFCs set aside, but the Airport Authority, at its discretion, may adjust the schedule for their use.

The following table sets forth the amount of PFCs received by the Airport Authority in Fiscal Years 2019 through 2023.

TABLE 23
San Diego County Regional Airport Authority
Annual Receipt of PFCs[1]

Fiscal Year	PFCs Collected
2019	$49,197,716
2020	34,392,981
2021	22,109,906
2022	40,394,092
2023	46,754,727 [2]

[1] The information in this table is presented on an accrual basis. Does not include interest earnings.
[2] Preliminary; subject to year-end adjustments.
Source: San Diego County Regional Airport Authority

Airport Improvement Program and Bipartisan Infrastructure Law Grants. The Airport Authority receives federal grants from the FAA each year. The Airport and Airway Improvement Act of 1982, as amended, created the Airport Improvement Program ("**AIP**"), which is administered by the FAA and funded by the Airport and Airway Trust Fund. Under AIP, the FAA awards grant moneys to airports around the country for capital improvement projects. The Airport and Airway Trust Fund is financed by federal aviation user taxes. Additionally, in November 2021, Congress passed, and President Biden signed into law, the Infrastructure Investment and Jobs Act (Public Law 117-58, commonly referred to as the "**Bipartisan Infrastructure Law**" or "**BIL**"). Title VIII of BIL makes available $20 billion, over five years, for the FAA to administer the newly created Airport Infrastructure Grants ("**AIG**"), and the Airport Terminal Program ("**ATP**"). Both AIP and BIL provide grants to public agencies for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems. AIP and BIL grants are available to airport operators in the form of "entitlement" funds and "discretionary" funds. AIP and BIL (through AIG) entitlement funds are apportioned annually based upon the number of enplaned passengers and the aggregate landed weight of all-cargo aircraft. AIP discretionary funds are available at the discretion of the FAA based upon a national priority system. BIL discretionary funds, through ATP, are awarded annually to projects that address the aging infrastructure of the nation's airports through a competitive process. Before federal approval of any AIP or BIL grants can be given, eligible airports must provide written assurances that they will comply with a variety of statutorily specified conditions. See "CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources—Availability of Federal Grants."

The Airport Authority anticipates receiving both entitlement and discretionary grants to fund a portion of the costs of certain portions of the New T1 and certain capital projects in the CIP. In Fiscal Year 2023, the Airport Authority was awarded $126.5 million in AIP and BIL ([both AIG and ATP]) grants. In addition, the Airport Authority received a multi-year AIP grant commitment of $118.4 million for the airfield improvements that are part of the New T1. The $118.4 million includes $110.0 million of AIP discretionary funds and $8.4 million of entitlement funds. In Fiscal Year 2023, the Airport Authority received approximately $52.3 million (preliminary; subject to year-end adjustments) of AIP and BIL grants.

As described above, the FAA has granted the Airport Authority approval to collect PFCs at SDIA. In accordance with the PFC Act and the PFC Regulations, since the Airport Authority imposes a $4.50 PFC, the amount of AIP entitlement grants which the Airport Authority is permitted to receive annually may be reduced up to 75%.

The Airport Authority's financial plan for funding the Capital Program assumes that AIP entitlement and discretionary grant funds will be available to fund the grant eligible portion of certain projects. In the event the Airport Authority does not receive AIP or BIL grants in the amounts expected, it would need to use alternative sources of funding for such projects, including the issuance of Additional Senior Bonds and/or Additional Subordinate Obligations. See "CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources."

Third-Party Financed Projects

In addition to projects financed by the Airport Authority, certain projects at SDIA are expected to be financed and constructed by outside third parties, including the North Cargo Facility. This project is currently on hold until the New T1 is completed.

Airport Land Use Commission

State law requires counties in which there is a commercial and/or a public use airport to have an airport land use commission. Pursuant to the Act, the Airport Authority is vested with responsibility, among other things, to serve as the region's Airport Land Use Commission ("**ALUC**"). The purpose of the ALUC is to protect public health, safety and welfare by ensuring the orderly development of land in the vicinity of airports and the adoption of land use measures that minimize the public's exposure to excessive noise and safety hazards within areas around public airports, to the extent that these areas are not already devoted to incompatible uses. The ALUC prepares and adopts Airport Land Use Compatibility Plans ("**ALUCPs**") and reviews certain local agency land use actions and airport plans for consistency with the compatibility plans.

The ALUCP contains compatibility criteria and ALUC review procedures for projects proposed within delineated Airport Influence Areas ("**AIA**") and addresses land use compatibility around airports in terms of noise, overflight, safety and airspace protection for all 16 public-use and military airports in the County. The ALUCP is not a plan for airport development and does not require any changes to existing land uses, but rather, State law requires future land use near airports to be consistent with compatibility criteria included in an ALUCP. Land use actions including adoption or amendment of general plans, specific plans, zoning ordinances and building regulations affecting land within an AIA must be referred to the ALUC for review. Referral and review by the ALUC of other local actions, primarily individual development projects, is required in some instances, but voluntary in others.

In addition to an ALUCP for SDIA, the Airport Authority, acting as the region's ALUC, has developed and adopted ALUCPs for six rural general aviation airports (Agua Caliente, Borrego Valley, Fallbrook Airpark, Jacumba Airport, Ocotillo Airport, and Ramona Airport) and five urban commercial and general aviation airports (Brown Field Municipal Airport, Gillespie Field, McClellan-Palomar Airport, Montgomery-Gibbs Executive Airport, and Oceanside Municipal Airport). ALUCPs also have been adopted for military airports located within the County (Naval Air Station North Island, Marine Corps Base Camp Pendleton, Marine Corps Air Station Miramar, and Naval Outlying Landing Field Imperial Beach).

FINANCIAL FEASIBILITY REPORT

General

The Airport Authority has retained Unison Consulting, Inc., which is recognized as an expert in its field, to prepare a report in connection with the issuance of the Senior Series 2023 Bonds. The Financial Feasibility Report is included as Appendix A hereto, with the Feasibility Consultant's consent. The information regarding the analyses and conclusions contained in the Financial Feasibility Report is included in the Official Statement in reliance upon the expertise of the Feasibility Consultant.

The financial forecasts in the Financial Feasibility Report are based on certain information and assumptions that were provided by, or reviewed and agreed to by, the Airport Authority's management. In the opinion of the Feasibility Consultant, these assumptions provide a reasonable basis for the forecasts.

The Financial Feasibility Report should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Financial Feasibility Report will occur. As noted in the Financial Feasibility Report, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also "INTRODUCTION—Forward-Looking Statements," and "CERTAIN INVESTMENT CONSIDERATIONS—Financial Feasibility Report."

Estimated and Projected Net Revenues, Debt Service Coverage and Cost Per Enplanement

The following table sets forth the estimated and projected Net Revenues, debt service requirements for the Senior Bonds and the Subordinate Obligations, the coverage of such debt service requirements based upon the Net Revenues and the cost per enplanement, as forecast by the Feasibility Consultant, for the Fiscal Years 2024 through 2029.

The debt service numbers provided in the following table exclude the debt service on the Senior Bonds and the Subordinate Obligations projected to be paid with PFCs, but do not exclude the debt service on any of the Subordinate Series 2021C Bonds purchased by the Airport Authority as part of the tender offer. For a discussion of the calculation of debt service on the Senior Bonds and the Subordinate Obligations paid with PFCs, see "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2023 BONDS—Use of PFCs to Pay Debt Service." Additionally, see the Feasibility Consultant's cover letter and "Section 3.3 - Forecast Commercial Aviation Activity" in "APPENDIX A—FINANCIAL FEASIBILITY REPORT" for a discussion of the assumptions used by the Feasibility Consultant to develop its passenger forecast and its forecasted financial results.

The forecasted financial information in the following table was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to forecasted financial information, but, in the view of the Airport Authority's management, was prepared on a reasonable basis, to reflect the best currently available estimates and judgments and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Airport Authority. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the forecasted financial information.

Neither the Airport Authority's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted financial information contained herein, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted financial information.

The assumptions and estimates underlying the forecasted financial information are inherently uncertain and, though considered reasonable by the management of the Airport Authority as of the date of this Official Statement, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the forecasted financial information, including, among others, the risks and uncertainties described under "CERTAIN INVESTMENT CONSIDERATIONS" below. Accordingly, there can be no assurance that the forecasted results are indicative of the future performance of the Airport Authority or SDIA or that actual results will not be materially higher or lower than those contained in the forecasted financial information. Inclusion of the forecasted financial information in this Official Statement should not be regarded as a representation by any person that the results contained in the forecasted financial information will be achieved.

TABLE 24
San Diego County Regional Airport Authority
Estimated and Projected Debt Service Coverage and Cost Per Enplanement[1]

Fiscal Year	Net Revenues	Senior Debt Service Requirements[2]	Senior Debt Service Coverage	Subordinate Debt Service Requirements[3]	Total Debt Service Coverage[4]	Cost Per Enplanement
2024						
2025						
2026						
2027						
2028						
2029						

AU = Actual Unaudited. P = Projected.

[2] Includes debt service on the Senior Series 2023 Bonds and the Additional Senior Bonds assumed to be issued in Fiscal Year 20[•] in an aggregate principal amount of approximately $[•] million. For purposes of the table only: (a) the Senior Series 2023A Bonds are assumed to be issued in the aggregate principal amount of $[•] million and bear interest at an interest rate of [•]%; (b) the Senior Series 2023B Bonds are assumed to be issued in the aggregate principal amount of $[•] million and bear interest at an interest rate of [•]%; and (c) the Additional Senior Bonds expected to be issued in Fiscal Year 20[•] are assumed to be issued in the aggregate principal amount of $[•] million and bear interest at an interest rate of [•]%. The Senior Debt Service Requirement numbers exclude the debt service on Senior Bonds which the Airport Authority expects to pay with capitalized interest and PFCs. The Feasibility Report assumes that the additional bonds to be issued in the future to finance the New T1 will be issued as Additional Senior Bonds. However, as of the date of this Official Statement, the Airport Authority has not made a final decision whether such bonds will be issued as Additional Senior Bonds and/or Additional Subordinate Obligations.

[3] Includes debt service on the Existing Subordinate Bonds. Does not include any debt service on the Subordinate Revolving Obligations. The Subordinate Debt Service Requirement numbers exclude the debt service on Subordinate Obligations which the Airport Authority paid or expects to pay with capitalized interest and PFCs. The Feasibility Report assumes that the additional bonds to be issued in the future to finance the New T1 will be issued as Additional Senior Bonds. However, as of the date of this Official Statement, the Airport Authority has not made a final decision whether such bonds will be issued as Additional Senior Bonds and/or Additional Subordinate Obligations.

[4] Calculated by dividing Net Revenues by the sum of Senior Debt Service Requirements and Subordinate Debt Service Requirements.

Source: Unison Consulting, Inc.

AIRPORT ENVIRONMENTAL MATTERS

There are several significant environmental matters which have direct and indirect impacts on the Airport Authority and SDIA, some of which are described below. These include aircraft noise reduction, clean air requirements and hazardous substance cleanup. SDIA is heavily regulated, in part due to its proximity to San Diego Bay. The Airport Authority holds numerous regulatory permits, including permits for storm water, air quality, hazardous materials, industrial waste, landfill remediation and wildlife.

Environmental Stewardship

General. The Airport Authority has made environmental stewardship a hallmark of operations at SDIA. The Airport Authority instituted one of the first sustainability policies for a major airport in the U.S. The Planning and Environmental Affairs Department of the Airport Authority (the "**Environmental Department**") manages all environmental-related programs, including airport planning and environmental review, regulatory compliance, water and air quality, site remediation, hazardous material handling and natural resources protection. The Environmental Department interfaces with other Airport Authority departments to assess potential environmental impacts of all proposed projects.

As part of its ongoing commitment to sustainability, in 2011, SDIA was the first airport in the U.S. to issue a sustainability report based on the internationally recognized criteria of the Global Reporting Initiative. The Airport Authority's latest annual sustainability report – "2022-23 Sustainability Report: Sustainability Matters" – is available at sustain.san.org (the information on such site is not part of this Official Statement, and has not and is not incorporated by reference herein). The Airport Authority expects the "2023-24 Sustainability Report: Sustainability Matters" will be available sometime in October 2023, and, once available, the Airport Authority will make the "2023-24 Sustainability Report: Sustainability Matters" available at sustain.san.org. The Airport Authority has developed a Sustainability Management Program (the "**Sustainability Program**") that sets forth the Airport Authority's framework for advancing and measuring its environmental sustainability progress. The Sustainability Program comprises seven overarching elements including the areas of water stewardship, sustainable energy, carbon neutrality, clean transportation, zero waste, climate resilience, and biodiversity. The Airport Authority sets goals and stand-alone strategies that it aims to achieve by 2035 in each of these programmatic areas. The seven elements of the Sustainability Program are described in more detail below:

<u>Water Stewardship Plan</u> - Establishes the Airport Authority's vision for the stewardship of water resources and provides a framework for rethinking how the Airport Authority manages its water resources while it prepares to accommodate passenger growth, new airport developments, and a changing climate. Specifically, the plan addresses issues of water conservation, water quality, and flood-risk considerations.

<u>Strategic Energy Plan</u> - Establishes the Airport Authority's approach to the provision of cost-effective, energy resilience strategies that are environmentally responsible and fully aligned with airport operations and development. It addresses key issues of energy efficiency and conservation including on-site energy generation and storage, enhanced monitoring of key energy metrics, and mechanisms through which to actively engage the broad spectrum of Airport stakeholders.

<u>Carbon Neutrality Plan</u> - Establishes the strategy for managing air quality and greenhouse gas emissions over which the Airport Authority has control and provides a framework for the Airport to achieve carbon neutrality under the ACI-Airport Carbon Accreditation program. In 2021, SDIA attained the highest level of certification under ACI's Airport Carbon Accreditation program, which is Level 4+ "Transition."

<u>Clean Transportation Plan</u> - Provides the Airport Authority's strategy and plan for managing various ground transportation issues at SDIA. Covers all ground transportation emission sources, including

all vehicles and equipment accessing and operating at the Airport, whether owned and operated by the Airport Authority or by third parties.

Zero Waste Plan (“**ZWP**”) - Serves as the Airport Authority’s strategy and plan for managing various waste issues and covers all waste generated at SDIA. The ZWP provides an organized framework for eliminating or reducing waste generation and responsibly managing materials that are produced at SDIA. The Airport Authority sees zero waste as addressing five primary focus areas, including sustainable materials management, infrastructure and development, training and education, metrics and reporting, and leadership and influence.

Climate Resilience Plan - Provides the Airport Authority’s strategy for achieving uninterrupted business continuity in future climate conditions. The Airport Authority is proactively working toward long-term solutions that would allow for improvements in areas related to climate resilience that go beyond complying with existing regulations. This plan builds off existing initiatives ranging from improving storm drainage capacity in low-lying areas to collaborating with regional stakeholders to explore large-scale coastal flood protection strategies. The Airport Authority now designs 100% of its capital projects to ensure that they can adapt to climate change stressors, such as coastal flooding and extreme heat events. For example, the building pad elevation for SDIA’s new Airline Support Building and new Administration Building were purposely raised to withstand sea level conditions that are expected in 2100. Resiliency design features being considered for the new Terminal 1 include dual-plumbing restrooms to utilize non-potable water for toilet flushing; upsized HVAC systems to accommodate higher-than-normal cooling demands; and additional onsite solar photovoltaic and battery energy storage systems. The new Terminal 1 and the associated airfield improvements also will drain to an expanded cistern system, which will eventually be able to annually divert nearly 40 million gallons of rainwater away from the City’s stormwater conveyance system, which can be negatively impacted by above-average tidal levels in San Diego Bay. See “INVESTMENT CONSIDERATIONS—Climate Change—Possible Sea-Level Rise.”

Biodiversity Plan - Establishes the Airport Authority’s vision for the stewardship of plants and wildlife. Provides a framework for how the Airport Authority manages onsite habitat for the endangered California Least Tern (a species of bird), reduces the use of biocides through the Airport Authority’s Integrated Pest Management program, and identifies robust drought-tolerant plant species for its campus-wide xeriscape landscape program.

The development and implementation of the Sustainability Program is a cornerstone of the Airport Authority’s work to achieve an enduring and resilient enterprise while considering its environmental, financial, and social obligations, risks, and opportunities. Each year, the Airport Authority reports its progress toward its Sustainability Program goals through its sustainability report.

Sustainability of New T1. The New T1 construction and design will reflect a strong commitment to sustainability through energy and water conservation, as well as clean-air and zero-waste initiatives. The Airport Authority’s goal is to achieve LEED Gold certification for the new Terminal 1, Parksmart Gold certification for the new Terminal 1 parking structure and Envision infrastructure certification. Sustainable features of the New T1 are expected to include:

Aircraft Operations

- Hydrant fueling system, eliminating the need for tanker trucks, thereby reducing emissions and potential for accidents

- Linear Terminal Design - avoids need for airfield alleyways which leads to more efficient operations and reduces potential for accidents

- New Taxiway A - allows bi-directional aircraft flow of traffic which leads to more efficient operations

- All gates equipped with ground power & pre-conditioned air, which minimizes the use of airplane fuel use while at gates

- Five charging ports per gate (on average) for electric ground support equipment

Energy Efficiency

- Established an Energy Use Intensity target of 45 kBtu/square foot for the new Terminal 1

- Installing a highly efficient heat recovery chiller to capture otherwise wasted heat and reduce energy usage at the Central Utility Plant

- Reduced embodied carbon by 30% by using steel bracing systems in new Terminal 1 and less cementitious material in the new Terminal 1 Parking Plaza

Renewable Energy

- New Terminal 1 designed to accommodate approximately four megawatts of new photovoltaic solar and a 4 megawatt-hour battery energy storage system

Expanded electric vehicle alternatives

- Approximately 260 Level 2 charging ports in new Terminal 1 Parking Plaza (with another 260 pre-wired for future use)

- Approximately six direct current fast charging ports to support the conversion of taxis and TNCs to electric vehicles

- Conversion of all airport shuttles to electric

- Complimentary all-electric shuttle service from Old Town to the terminals

Water Quality & Conservation

- Installing an additional large capacity cistern on the south side of the Airport

- Capturing storm water from 150+ acres captured from airfield, terminal, and landside/roadway components (e.g., Terminal 1 Parking Plaza) for reuse

- A/C condensate from passenger boarding bridges also plumbed to reuse system

- Water reused in Central Utility Plant and to flush toilets in the new Terminal 1

Resiliency

- New Terminal 1, the new Terminal 1 Parking Plaza and roadways designed to be resilient to sea level rise conditions in Year 2100

- New Terminal 1 designed to be compatible with future Pure Water San Diego reclamation facility to receive recycled water

Future Fixed-Rail Connection

- Preserved transit station area at the Airport terminals

Bicycle Infrastructure

- Approximately 250 bike rack and 30 bike locker stalls
- Multi-use path for bicycles and pedestrians to terminals (Project Component): A new muti-use path to allow pedestrians and bicyclists to travel on a dedicated route from Anchor Island to the new Terminal 1 along the north side of North Harbor Drive, with connections to Laurel and North Harbor Drive/Embarcadero across Anchor Island with a hawk-signal crossing at Laurel
- Install bicycle lane on Grape Street from North Harbor Drive to Kettner (Mitigation Measure): Consistent with the Downtown Mobility Plan to replace parking with bicycle lanes
- Install cycle track on Pacific Highway (airport side) from Laurel to Washington (Mitigation Measure): Consistent with the Downtown Mobility Plan to install a cycle track on Pacific Highway and extend to the north

Airport Noise

Airport Noise and Capacity Act of 1990. In 1990, Congress adopted the Airport Noise and Capacity Act of 1990 (the "**ANCA**"), which provided, among other things, for a phase-out of Stage 2 aircraft by December 31, 1999, and which also limited the scope of an airport operator's regulatory discretion for adopting new aircraft operational restrictions for noise purposes. The FAA subsequently adopted regulations implementing ANCA under Part 161 of the Federal Aviation Regulations ("**Part 161**"). From 1990 forward, airport proprietors considering the adoption of restrictions or prohibitions on the operation of Stage 2 and Stage 3 aircraft are required to conduct studies which detail the economic costs and benefits of proposed restrictions, as well as seeking affirmative approval of the FAA under defined statutory criteria before they may legally be implemented. ANCA and Part 161 make the adoption of many traditional aircraft operating restrictions by local airport proprietors on the operation of Stage 3 aircraft infeasible without the concurrence of the FAA, the air carriers or other operators affected by the restrictions. Nonetheless, the Airport Authority has various rules and regulations to address aircraft noise, including a prohibition on the operation at SDIA of any air carrier commercial aircraft not complying with Stage 3 noise levels.

There also are direct restrictions on aircraft departures at SDIA, primarily relating to noise abatement. Specifically, departures from SDIA between 11:30 p.m. and 6:30 a.m. (the "**Curfew**") may be subject to penalty. No airline may schedule or advertise for a departure between 11:15 p.m. and 6:15 a.m. These restrictions are subject only to limited exceptions including emergency and mercy flights. Landings at SDIA are not prohibited during the Curfew.

California Noise Standards. SDIA operates under a variance pursuant to the California Noise Standards (CCR Title 21, Division 2.5, Subchapter 6). The California Noise Standards identify an exterior 65 decibel ("**dB**") Community Noise Equivalent Level ("**CNEL**") contour at an airport as the "Noise Impact

Area." Within the Noise Impact Area, the airport proprietor is required to ensure that all land uses are compatible with the California Noise Standards, or the airport proprietor must secure variances from the Division of Aeronautics of the California Department of Transportation ("**Caltrans**"), under the California Noise Standards until full compatibility is accomplished. Under California Noise Standards, residential land uses may be deemed compatible through land acquisition, sound insulation sufficient to achieve an interior noise level of 45 dB CNEL, or by obtaining an avigation easement for the incompatible land use.

To obtain a variance, an airport must demonstrate to the State of California that it is making good faith efforts to achieve compliance with the state noise standards. The most recent variance for SDIA was issued by Caltrans in September 2019 and was valid for three years. The Airport Authority submitted a new variance application for SDIA with Caltrans in June 2022, which is currently under review. SDIA continues to operate under the expired variance until Caltrans issues a new variance. During the term of the variance, the Airport Authority is required to continue the facilitation of an Airport Noise Advisory Committee, staffing of an Airport Noise Management Office, maintaining a noise monitoring system, submittal of a quarterly noise report, and implementation of its residential sound attenuation program, among other requirements.

Community Sound Attenuation Program. In 1997, the Port District initiated a residential sound attenuation program (the "**RSAP**") with respect to eligible residences surrounding SDIA that are located within the approved 65 CNEL contour. In connection with the renewal of its noise variance in 2001, the Port District agreed to enhance its then current RSAP. The Airport Authority's current sound insulation program (the "**Quieter Home Program**"), which includes both residential and non-residential properties, is an ongoing program that provides acoustical insulation to all eligible single- and multi-family dwellings and certain other non-residential properties located in SDIA's noise impact area. In 2020, the Airport Authority expanded its sound insulation program to include noise-sensitive, non-residential land uses, such as schools and places of worship, within the 65 CNEL contour. The Airport Authority mainly uses AIP grant revenues and PFC revenues to pay for the Quieter Home Program. To date, the Quieter Home Program has sound-attenuated approximately 5,347 residences. From its inception through May 31, 2023, the Airport Authority has spent approximately $278 million ($227 million of which has been paid with AIP grant revenues and $50 million of PFC revenues) on the Quieter Home Program.

Fuel Storage Tanks

Underground fuel storage tanks are present on the property occupied by the Rental Car Center. The On-Airport Rental Car Companies have agreed in the Rental Car Center Lease Agreements to pay for remediation costs associated with any leakage of the underground fuel storage tanks.

The Airport Authority owns the above-ground tanks that store airline fuel, which is transported to the airfield via underground fuel lines. The fuel lines that supply fuel to the storage tanks are owned by a third party. Airlines operating at SDIA that use these storage tanks and the fuel lines to the airfield have entered into a lease agreement pursuant to which they are required to indemnify the Airport Authority against any liability associated therewith.

Air Quality and Carbon Management Planning

Memorandum of Understanding with State. [still applicable?] In May 2008, the Airport Authority entered into a Memorandum of Understanding (the "**MOU**") with the Attorney General of the State regarding the Master Plan. Pursuant to the MOU, the Airport Authority agreed to certain specific measures to reduce the amount of greenhouse gas emissions from aviation and other operations conducted at SDIA. In December 2009, the Board approved the San Diego County Regional Airport Authority Air Quality Management Plan (the "**Air Quality Management Plan**"), which sets forth the Airport Authority's specific plan for implementing the provisions of the MOU. Some of the specific measures the Airport Authority agreed to take in the MOU include, among others, providing landside power and preconditioned air to the gates at the terminals and in the cargo facilities, replacing vehicles operating at SDIA with electric or alternative fuel vehicles, and using "green" materials for the construction of the projects included in the Master Plan. Many of the elements of the Air Quality Management Plan have been incorporated into the Capital Program (including the New T1). Following are certain key achievements of the Airport Authority in meeting the provisions of the MOU:

- MOU Provision: provide power (400 hertz) and pre-conditioned air ("**PCA**") at all gates
  - All gates provide 400 Hz ground power and PCA for aircraft use
  - The Airport Authority is requiring ground power and PCA for any new projects

- MOU Provision: replace ground service equipment ("**GSE**") with alternative fuel vehicles at end of useful equipment life
  - The Airport Authority has approximately 160 airside charging ports and approximately 700 airline-owned alternative-fuel GSE (excluding light duty truck vehicles and cabin service trucks)
  - The Airport Authority requires airside charging ports for any new projects at SDIA. Terminal 2 contains the equivalent of four ports per gate, and the new Terminal 1 is being designed to provide approximately five ports per gate

- MOU Provision: replace shuttles with electric or alternative fuel vehicles
  - 100% of Airport Authority-controlled shuttles use alternative fuels
  - Over 95% of taxis accessing SDIA use hybrid vehicles

- MOU Provision: achieve "Leadership in Energy and Environmental Design" ("**LEED**") Certification (at least Silver level) for all new development and renovation [(including the New T1)]
  - At least LEED Gold has been achieved on all major construction projects
  - 100% of SDIA's electricity comes from renewables, including 5.5 megawatts from onsite solar panels

- MOU Provision: use green construction methods and equipment
  - Standard contract language includes use of low- and zero-emitting equipment

- MOU Provision: engage tenants in recycling and emissions reduction efforts
  - SDIA has a robust waste diversion program, including post-consumer food waste from restaurants at SDIA
  - 19 concessions at SDIA (approximately 35% of all concessions) are certified through the Airport Authority's "SAN Green Concessions" sustainability program that was relaunched by the Airport Authority in 2023 following a pause in the program because of the COVID-19 pandemic

Continuing Efforts to Reduce Carbon Footprint. The Airport Authority continues to pursue opportunities for reducing its carbon footprint and particulate emissions. Notable examples include encouraging contractors to use renewable diesel and Tier 4 equipment on construction projects to reduce greenhouse gas and particulate emissions. In 2022, a significant portion (96%) of construction equipment were classified as Tier 4. Approximately 98% of nonroad vehicle emissions from the construction of the Airside Component of the New T1 was from renewable diesel consumption, which can reduce emissions by up to 75% or more compared to petroleum diesel.

Ground Transportation Vehicle Conversion Incentive-Based Program. In 2010, the Board adopted a Ground Transportation Vehicle Conversion Incentive-Based Program (the "**Incentive Program**") in accordance with the terms and conditions of the MOU. For various eligible ground transportation providers at SDIA, the Incentive Program provides incentive payments, reduced permit fees, and/or reduced trip fees for Alternative Fuel Vehicles ("**AFVs**") and Clean Air Vehicles ("**CAVs**") through Fiscal Year [2021], but increased user fees for non-AFVs and non-CAVs beginning in Fiscal Year 2015. The Incentive Program cost approximately $150,000 in Fiscal Year 2023. The Incentive Program has been carried forward with the same vehicle categories through the current operating year. The fees and any incentives are determined in the budget process each year and approved by the Board.

TNC GHG Emissions Reduction Program. Additionally, in June 2018, a TNC greenhouse gas ("**GHG**") emissions reduction program was implemented to target cleaner fuel vehicles, higher efficiency vehicles, and carpooling of passengers. The program is based on performance parameters to measure grams of CO_2 emissions generated from TNC trips to lower carbon emissions. Pursuant to the provisions of the TNC Permits, the TNCs are required to pay additional fees to the Airport Authority if the TNC's drivers' cars emit excessive grams of CO_2. If the TNC driver's car meets certain CO_2 limits set forth in the TNC Permit they do not owe these extra fees, but if they do not meet the limits, they are required to pay the Airport Authority the additional fees. The TNCs, in general, have met the Airport Authority's GHG goals resulting in no significant GHG penalties. It is expected that the TNCs will continue to meet GHG goals to minimize any future GHG penalties.

State Legislation. In 2016, the California legislature passed Senate Bill 32 that codifies the State's commitment to reduce GHG emissions 40% below 1990 levels by 2030. In July 2016, the California Air Resources Board ("**CARB**") released two policy documents, the Sustainable Freight Action Plan and the Mobile Source Strategy, to assist with achieving this carbon reduction goal. In October 2021, CARB held a public hearing to receive public comment on an update to the plan. These documents identify emissions from airport shuttles and GSE as priority action areas. The Airport Authority is now complying with requirements of CARB's ZEV Shuttle Bus regulation, and with a fleet of 33 electric buses and shuttles, the Airport Authority is ahead of the conversion compliance timeline. On the airside, the Airport Authority is working with airline and ground handling business partners to convert GSE to alternative fuels (e.g., electric, propane, and renewable diesel). These initiatives are part of the Airport Authority's "**Carbon Neutrality Plan**", that was developed in 2019, and proactively addresses GHG-emission sources at SDIA. In addition to inventorying baseline conditions, the Carbon Neutrality Plan identifies a variety of potential climate mitigation initiatives and tactics within five primary focus areas:

- *Airlines & Aircraft*: Potential action items include forming a biofuel task force to engage airlines about options to increase onsite biofuel (also known as Sustainable Aviation Fuel) use; leveraging gate optimization software; and installing an underground fuel hydrant system at all aircraft gates.

- *Transportation*: Potential action items include reducing emissions from construction equipment; converting Airport Authority fleet and encouraging third parties to use zero or low emission vehicles; and strengthening inter-agency collaboration regarding regional transit and ground access to the Airport.

- *Energy*: Potential action items include participating in direct access or community choice energy programs; installing renewable energy systems in a cost-effective manner; and evaluating alternative fuel options for stationary sources.

- *Other Emissions*: Potential action items include updating tenant improvement guidelines to emphasize water conservation and resilient design; applying best practices for preventing refrigerant leaks; and expanding the food recovery program to include all applicable tenants and airlines.

- *Carbon Leadership*: Potential action items include prioritizing LEED/Envision credits related to carbon and air emissions; expanding passenger participation in "The Good Traveler" carbon offset program; and leveraging the implementation of aviation-specific offset programs (such as the Carbon Offsetting and Reduction Scheme for International Aviation).

Local Regulations. Additionally, the Airport Authority worked with the San Diego Air Pollution Control District to include the projects in the Capital Program (including the New T1) and certain other projects that may be undertaken at the Airport over the next 20 years into the region's updated State Implementation Plan ("**SIP**") for ozone. The SIP outlines the measures that will be implemented in the region to attain and maintain air quality standards as required by the federal Clean Air Act and is used by the Airport Authority to demonstrate general conformity for future improvements at SDIA.

See "CERTAIN INVESTMENT CONSIDERATIONS—Climate Change Issues."

Storm Water Management

Under the Federal Clean Water Act and EPA regulations, the Airport Authority is required to obtain certain storm water runoff discharge permits. The Airport Authority has received permits from the San Diego Regional Water Quality Control Board ("**SDRWQCB**") and the State Water Resources Control Board ("**SWRCB**"). The Airport Authority is currently in compliance with all of its storm water runoff discharge permits.

Certain portions of the SDIA, fueling, maintenance and wash areas, are regulated under California's Industrial General Permit, adopted on July 1, 2015 by SWRCB. As part of the new permit, industrial facilities' storm water discharges need to be below certain "numeric action levels" for water quality parameters. SDIA is currently categorized as a Level 2 facility for copper and a Level 1 facility for zinc, meaning that the Airport Authority has had to develop exceedance response action plans to identify varying levels of additional best management practices that will be implemented to reduce concentrations of these heavy metals in storm water runoff. Similarly, the Airport Authority's compliance with the Municipal Separate Storm Sewer System (MS4) permit is focused on reducing the frequency of heavy metals exceedances during wet weather events. As such, the Airport Authority has expanded its own requirements to prioritize storm water infiltration and/or capture and reuse systems within new development projects. For example, the Terminal 2 Parking Plaza includes a 100,000-gallon storage system that can collect, treat, and reuse over 2 million gallons of storm water annually, and the new FIS facility utilizes modular wetlands to bio-filtrate its runoff. A 3-million gallon storm water cistern has been installed on SDIA's north side and an approximately 900,000 gallon cistern is planned to be constructed on the south side as part of the New T1, which greatly expands the Airport Authority's storm water harvesting opportunities. The New T1 also has been designed with infiltration basins and detention pipes to capture stormwater runoff.

On June 18, 2014, SDRWQCB issued an Investigative Order directing the Airport Authority, General Dynamics and the Port District to submit technical reports pertaining to an investigation of sediment chemistry in the Laurel Hawthorn Central Embayment in San Diego Bay. The Investigative Order alleged that an unauthorized discharge of wastes occurred as evidenced by the presence of polychlorinated biphenyl, total petroleum hydrocarbons, volatile organic compounds, polycyclic aromatic hydrocarbons, metals and pesticides in the bay sediments. Although the Airport Authority believes it is not legally responsible for any harmful discharges at the identified location, it agreed with the other parties to participate in and share in the funding of the investigation and study. The Final Sediment Chemistry Report was provided to SDRWQCB and that investigation was completed. In August 2017, SDRWQCB sent the parties a new administrative draft investigative order that gave the Airport Authority, the Port District and General Dynamics an opportunity to provide comments to SDRWQCB prior to the formal issuance of another investigative order. In January 2018, the parties submitted the work plans for both land and water that were accepted by SDRWQCB. On October 2, 2019, SDRWQCB issued new investigative orders to several parties, to investigate sediment in the Laurel Hawthorne Embayment, however, the Airport Authority was not named in any of these new orders. On November 1, 2019, the Airport Authority received notice of a Petition to SDRWQCB from General Dynamics requesting that the Airport Authority, the City and the Port District be added to the investigative order issued on October 2, 2019, which was subsequently denied by SDRWQCB. On March 27, 2020, General Dynamics served a Petition for Writ of Mandate and Complaint for Declaratory Relief ("**Writ**") on the Airport Authority. The Writ challenged SDRWQCB's October 2, 2019 investigative order seeking, among other things, to require SDRWQCB to add the Airport Authority and others as parties to the new investigative order. In response to a demurrer filed by SDRWQCB, the Superior Court dismissed General Dynamics Writ without leave to amend and General Dynamics did not appeal.

In December 2016, the U.S. Department of the Navy (the "**Navy**") released a draft Record of Decision for a Final Remedial Action Plan in order to cleanup chemically-impacted sediments in the former Naval Training Center San Diego Boat Channel ("**Navy Boat Channel**") immediately adjacent to SDIA. In a letter to the Airport Authority dated December 28, 2016, the Navy alleged that the Airport Authority, among others, was a responsible party under the federal Comprehensive Environmental Response, Compensation, and Liability Act ("**CERCLA**") due to past contributions of metals and other contaminants into the Boat Channel. The Navy reported, as of December 31, 2020, that it had incurred at least $16,040,005 in unreimbursed response costs related to the site. On March 27, 2023, the United States of America filed an action against the City, in the United States District Court for the Southern District of California, Case No. 3:23-CV-541-LL-BGS (the "**Action**"), concerning the clean-up of contaminated sediments in the Navy Boat Channel. On July 14, 2023, the City filed a Third-Party Complaint against the Airport Authority and the Port District concerning contribution for clean-up of contaminated sediments in the Navy Boat Channel, including causes of action for: (i) contribution under CERCLA, 42 U.S.C. § 9613(f); (ii) cost recovery under CERCLA, 42 U.S.C. § 9607(a); (iii) declaratory relief under CERCLA, 42 U.S.C. § 9613 and other federal laws; (iv) equitable indemnity under common law; and (v) declaratory relief pursuant to CERCLA § 113(g)(2) and other federal and state laws. The Airport Authority cannot predict the ultimate outcome of this case or whether or to what extent it may be liable for the costs of any past or future remediation.

Per- and Polyfluoroalkyl Substances

Per- and Polyfluoroalkyl Substances ("**PFAS**") are a group of more than 3,000 synthetic chemicals that have been in use since the 1940s. PFAS are found in many products such as dental floss, food packaging materials, non-stick products, water repellant textiles, and fire-fighting foams. PFAS are used in the aerospace, automotive, chemical, electronics, metal coatings and plating, and textiles industries. The FAA requires airport operators to use Aqueous Film Forming Foam ("**AFFF**") containing PFAS in their aircraft rescue and firefighting vehicles and fire suppression operating systems.

The EPA has determined that, due to the widespread use and persistence in the environment of PFAS, most people in the United States have been exposed to PFAS. The EPA also found evidence that continued exposure above specific levels to certain PFAS may lead to adverse health effects. Currently, the key PFAS classes of concern are perfluoroalkyl sulfonic acids, such as perfluorooctanesulfonate ("**PFOS**") and perfluorooctanoic acid ("**PFOA**"). The EPA released a statement in November 2016 summarizing available peer-reviewed studies on laboratory animals and epidemiological evidence in human populations as indicating that exposure to PFOA and PFOS over certain levels may result in adverse health effects including cancer, reproductive and developmental effects, liver effects, immune effects and other effects. In February 2019, the EPA issued a PFAS Action Plan. The PFAS Action Plan outlines EPA's strategy to better understand the health risks associated with PFAS and to develop tools for characterizing PFAS in the environment, cleanup approaches, and enforcement mechanisms.

On October 18, 2021, the EPA announced a comprehensive Strategic Roadmap as part of a broader White House initiative on the topic. The EPA is developing a Notice of Proposed Rulemaking to designate PFOA and PFOS as hazardous substances under the Resources Conservation and Recovery Act. Such designations would require facilities across the country to report on PFOA and PFOS releases that meet or exceed the reportable quantity assigned to these substances. The hazardous substance designations would also enhance the ability of federal, Tribal, state, and local authorities to obtain information regarding the location and extent of releases. The EPA or other agencies could also seek cost recovery or contributions for costs incurred for the cleanup.

On March 20, 2019, SWRCB issued "Water Code Section 13267 Order WQ-2019-0005-DWQ for the Determination of the Presence of PFAS" (the "**Airport Order**") to numerous airports in California, including SDIA. The Airport Order identifies SDIA as a facility that accepted, stored, or used materials that may contain PFAS. SDIA possesses AFFF containing PFAS, as required by the FAA. The Airport Order required the Airport Authority to test soil and groundwater for 23 PFAS analytes, including PFOA and PFOS. The Airport Authority completed sampling at 12 different locations on SDIA and submitted a formal completion report to SWRCB on December 10, 2019, noting that PFAS analytes were detectable in all of the collected groundwater samples, but were only detectable in soil samples at 8 of 12 locations. On June 10, 2021, SDRWQCB issued an additional Investigative Order requiring the Airport Authority to submit a Supplemental Work Plan to further delineate the vertical and lateral extents of PFAS-impacted media (soil, groundwater, and surface water). The Supplemental Work Plan was subsequently approved by the SDRWQCB and the Airport Authority filed its Supplemental Per- And PolyFluoroalkyl Substances Investigation Report with the SDRWQCB on August 1, 2023.

Additionally, in October 2019, SWRCB issued "Water Code Sections 13267 and 13383 Order for the Determination of the Presence of PFAS Substances at Chrome Plating Facilities Order WQ-2019-0045-DWQ" (the "**Chrome-Plating Order**") in connection with chrome plating facilities located throughout the State. The Chrome-Plating Order identifies the former General Dynamics property on Pacific Highway, which the Airport Authority leases from the Port District, as a site of a previous chrome-plating facility. PFAS are used in the chrome-plating processes. As of the date of this Official Statement, the Chrome-Plating Order has not been officially served on the Airport Authority, but it may eventually require the Airport Authority to respond to a questionnaire or, similar to the Airport Order, it may require testing of the affected site for the presence of PFAS.

At this time, SDRWQCB has not established cleanup standards for PFAS or otherwise indicated what actions will be required for PFAS found in soil and groundwater at the Airport. Further, the extent to which PFAS poses a risk to human health and the environment is not yet well understood.

AIRPORT AUTHORITY SOCIAL AND GOVERNANCE EFFORTS

Central to the Airport Authority's mission is to promote equality, diversity, connectedness, and a good quality of life for its employees and the community at-large. The Airport Authority strives to exceed its customers' expectations by introducing innovative service and facility enhancements. It aims to achieve the highest level of internal and external customer satisfaction and to strive to develop leaders and a workforce aligned that reflects the diversity of the community and assure the highest level of commitment and productivity. The Airport Authority endeavors to be a responsive member of the community, working with surrounding neighborhoods and key groups to address the impacts from aircraft noise, traffic congestion, and other impacts. As part of its annual sustainability report (see "AIRPORT

ENVIRONMENTAL MATTERS—Environmental Stewardship" above), the Airport Authority measures social key performance indicators to gauge progress in social efforts undertaken.

Diversity, Equity and Inclusion Policy and Procurement

In September 2021, the Board adopted Policy – 2.03 Diversity, Equity and Inclusion. The policy statement reaffirms and formalizes the Board's commitment to diversity, equity and inclusion ("**DEI**") and provides a clear vision of how DEI values can be integrated into Airport operations and the Airport Authority's business practices. The policy statement also highlights the important role that the Airport, as the region's main air transportation gateway, plays in fostering DEI in the broader community. Finally, the policy statement creates a mechanism through which the Airport Authority can track and report its DEI initiatives. The Airport Authority has held DEI principles core to its operations and business activities since its inception in 2003. The Airport Authority's first set of core values included the statement "Everyone counts, and we count on everyone." To further advance DEI, the Board directed the creation of a Diversity, Equity and Inclusion Ad Hoc Committee. Concurrent with this action, Airport Authority President/CEO and her Executive Leadership Team appointed staff to a cross-divisional DEI Steering Committee to spearhead the Airport Authority's DEI efforts. The President/CEO identified five priority work streams as part of the Steering Committee's work plan – Employee, Small Business, Procurement, Environmental Justice, and Arts.

Small and Disadvantaged Business

The Airport Authority is committed to the growth of the San Diego region and works to ensure that local, small, disadvantaged, disabled veteran and emerging businesses have every opportunity to work with the Airport Authority. The Airport Authority established Policy 5.12 in April 2009 which allows for preference to small businesses, veteran owned small businesses and local businesses in the award of Airport Authority contracts. In addition to make certain that small businesses have everything they need to compete, the Airport Authority has a strategy to build relationships with the business community that encourages conversation and participation, and provides education, training, and outreach both in person and online. This strategy includes:

The Airport Authority, in partnership with Turner Construction, hosts the Turner School of Construction Management. This seven-week program is a community outreach and education program offered twice a year to businesses. Participants gain needed technical, administrative and managerial skills to help develop new and strategic business relationships and target their business for quality growth.

The Airport Authority launched a Bonding and Contract Financing Assistance Program in December 2007 that assists small, disadvantaged contractors in establishing first-time bonding or increasing their current bonding capacity and financing for airport contract work. The Airport Authority focuses on developing the contractors enrolled in the program by encouraging enrollees to attend the Airport Authority's educational contractor workshops. Examples of topics covered are procurement 101, prevailing wage and labor compliance, and many more.

The Airport Authority has a Disadvantaged Business Enterprise Program ("**DBE**") and Airport Concession Disadvantaged Business Enterprise ("**ACDBE**") Program. It is a goal of the Airport Authority to ensure DBEs and ACDBEs have an equal opportunity to receive and participate in construction, professional services and concession opportunities through the implementation of race-neutral measures to meet overall DBE and ACDBE goals. Such measures include community outreach, attending pre-submittal meetings, unbundling large projects into smaller contractors, maintaining a directory of ACDBE and DBEs, hosting training seminars, hosting the Supplier Diversity Outreach Day, webinars and panels on important topics such as Concessionaire and ACDBE Panel, ACDBE and DBE certifications, ACDBE joint venture compliance, and other important topics.

In furthering outreach to assist small, disadvantaged, local and veteran owned small businesses and maximize their participation on Airport Authority contracts, the Airport Authority utilizes an "Inclusionary Approach" to large contracts that requires prime contractors to submit an Inclusionary Outreach Plan. The Airport Authority's "Inclusionary Approach" is primarily applied to large projects where subcontracting opportunities exist. The "Inclusionary Approach" is a plan that describes a prime contractor's specific approach toward small, local, and veteran owned business outreach and participation. All respondents bidding on a contract must put together an inclusionary outreach plan to include, commitments and goals participation for small, disadvantaged, local and veteran owned small businesses.

The Airport Authority introduced an outreach initiative by hosting "Meet the Primes" which is an event for businesses to connect with and learn from the Airport Authority, prime contractors and concessionaires, San Diego's small business support service centers and public agencies. Businesses learn about the Airport Authority's Small Business Development Program, upcoming contract opportunities, and need-to-know topics that can help their business.

The Airport Authority hosts a Veteran Appreciation Panel that provides information about new opportunities and programs for veteran businesses and helps the Airport Authority explore how to work together with the veteran-business community.

Employee Development

The Airport Authority is committed to employee development. The Airport Authority not only believes in but acts on the core value of learning which states, "We believe that continuous learning and personal involvement are job responsibilities." Examples of learning opportunities include: monthly one hour career development sessions; performance management and coaching plans are created and reviewed every four months; and frequent wellness and health and safety activities. In addition to these activities, the Airport Authority provides specific training to the Airport Traffic Officers ("**ATO**") known as ATO University. The ATO University program is designed to coordinate specific lessons with activities in the field such as customer interactions, citations, and taxi hold lot operations. The Facilities Maintenance Department ("**FMD**") offers specific training for plumbing, electrical, mechanical and carpentry skills that has enabled FMD to empower the employees hired on as maintenance workers to understand that other opportunities within the department are possible if training and educational requirements are met. The Airport Authority also offers a Tuition Reimbursement Program that is available to all employees who are working towards a college degree or are upgrading their skill set in an accredited program.

Airport Authority Governance

See "THE AIRPORT AUTHORITY" above for a discussion of governance at the Airport Authority.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Senior Series 2023 Bonds involve investment risk and may not be suitable for all investors. The factors set forth below, among others, may affect the security of the Senior Series 2023 Bonds. Prospective investors are urged to read this Official Statement, including its appendices, in its entirety. The factors set forth in this Official Statement, among others, may affect the security for and/or trading value of the Senior Series 2023 Bonds. The information contained in this Official Statement relates solely to the Senior Series 2023 Bonds and speaks only as of the date of this

Official Statement. The information in this Official Statement does not purport to be a comprehensive or complete discussion of all risks or other considerations that may be relevant to an investment in the Senior Series 2023 Bonds. Other factors may exist which may be material to investors based on their respective individual characteristics. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. Additional risk factors relating to the purchase of Senior Series 2023 Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors. Additional risks and uncertainties not presently known, or currently believed to be immaterial, may also materially and adversely affect, among other things, Revenues, Net Revenues and Subordinate Net Revenues or individual investors. In addition, although the various risks discussed in this Official Statement are generally described separately, prospective investors of the Senior Series 2023 Bonds should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased. There can be no assurance that other risks or considerations not discussed in this Official Statement are or will not become material in the future.

COVID-19 Pandemic and Related Matters

The COVID-19 pandemic and resulting restrictions on human activities severely disrupted the economies of the United States and other countries. There can be no assurances that any resurgence of COVID-19 will not have a material adverse effect on the demand for passenger air travel, although air travel volumes have begun to recover since mid-2020.

In addition, the COVID-19 pandemic resulted in operational difficulties for certain airlines as they have increased capacity to meet demand. In some cases, this has resulted in higher flight cancellation rates and reductions in previously planned additions of scheduled capacity. These difficulties have resulted from a variety of factors, including, but not limited to, delays in re-hiring or hiring sufficient personnel as a result of generally prevailing labor shortages, increased customer service demands due to ongoing changes in ticketing rules and information technology disruptions.

Future outbreaks, pandemics or events outside the Airport Authority's control may reduce demand for air travel, which in turn could cause a decrease in passenger activity at SDIA and declines in Airport Authority revenues.

Senior Series 2023 Bonds Are Special Obligations

The Senior Series 2023 Bonds are special obligations of the Airport Authority, payable solely from and secured by a pledge of and lien on (a) Net Revenues, which include certain income and revenue received by the Airport Authority from the operation of the Airport System less all amounts that are required to pay the Operation and Maintenance Expenses of the Airport System; and (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Senior Series 2023 Bonds, and neither the full faith and credit nor the taxing power of the Airport Authority, the City, the County, the State or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Senior Series 2023 Bonds.

Factors Affecting the Airline Industry

General. Key factors that affect airline traffic at SDIA and the financial condition of the airlines, and, therefore, the amount of Net Revenues available for payment of the Senior Series 2023 Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; accidents involving commercial passenger aircraft; changes in law, local, State and federal regulations and the application thereof; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); regional, national and international environmental regulations; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of SDIA and competition from other airports for connecting traffic; and business travel substitutes, including teleconferencing, videoconferencing and web-casting.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the terrorist attacks of September 11, 2001, the economic recession that occurred between 2008 and 2009 and the COVID-19 pandemic. Other business decisions by airlines, such as the reduction, or elimination, of service to unprofitable markets, increasing the use of smaller, regional jets and changing hubbing strategies have also affected air traffic at SDIA and could have a more pronounced effect in the future.

In addition to revenues received from the airlines, the Airport Authority derives a substantial portion of its revenues from concessionaires including parking operations, food and beverage concessions, retail concessions, car rental companies, and others. See "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES" and "FINANCIAL INFORMATION." Declines in passenger traffic at SDIA may adversely affect the commercial operations of many of these concessionaires. While the Airport Authority's agreements with concessionaires require the concessionaires to pay a MAG, severe financial difficulties could lead to a failure by a concessionaire to make the required payments or could lead to the cessation of operations of such concessionaire. At the beginning of the COVID-19 pandemic, in order to provide financial assistance to the concessionaires, the Airport Authority waived certain fees and rents payable by the concessionaires. The new concession agreements to be entered into with the new concessionaires will have language to allow MAG suspension as a result of a severe decline in enplanements.

Many of these factors are outside the Airport Authority's control. Changes in demand, decreases in aviation activity and their potential effect on enplaned passenger traffic at SDIA may result in reduced Revenues and PFCs. Following are just a few of the factors affecting the airline industry including, regional and national economic conditions, threats of terrorism, costs of aviation fuel, and airline concentration. See also "—Aviation Security Concerns" below for additional discussion on the costs of security.

Economic Conditions. Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. See "APPENDIX A—FINANCIAL FEASIBILITY REPORT—3.4 Forecast Uncertainty and Risk Factors."

Threats of Terrorism. Recent and ongoing terrorist attacks and threats of terrorism have had, and may continue to have, a negative impact on air travel. The Airport Authority cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001 or the terrorist attacks that occurred in Nice, Munich, Paris, Brussels and Istanbul in 2015 and 2016, the likelihood of future air transportation disruptions or the impact on the Airport Authority or the airlines operating at SDIA from such incidents or disruptions.

Cost of Aviation Fuel. Airline earnings are significantly affected by changes in the price of aviation fuel. According to Airlines for America, fuel, along with labor costs, is one of the largest cost components of airline operations, and continues to be an important and uncertain determinate of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, including the war between Ukraine and Russia and, historically, in the oil-producing nations in the Middle East and North Africa, Organization of Petroleum Exporting Countries policy, the growth of economies around the world, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather. The price of aviation fuel rose to an all-time high of approximately $4.03 per gallon in June 2022. According to the U.S. Bureau of Transportation Statistics, the price of aviation fuel averaged approximately $[•] per gallon during the first six months of 2023. For comparison purposes, according to the U.S. Bureau of Transportation Statistics, between 2017 and 2021, the price of aviation fuel averaged approximately $1.90 per gallon per year. Significant and prolonged increases in the cost of aviation fuel are likely to have an adverse impact on air transportation industry profitability and hamper the recovery plans and cost-cutting efforts of certain airlines.

Airline Concentration; Effect of Airline Industry Consolidation. The airline industry continues to evolve as a result of competition and changing demand patterns and it is possible the airlines serving SDIA could consolidate operations through acquisition, merger, alliances and code share sales strategies. Examples of airlines mergers occurring over the last several years include: (a) in 2008, Delta acquired Northwest and its affiliated Air Carriers, Mesaba, Pinnacle (now known as Endeavor) and Compass Airlines; (b) on October 1, 2010, United Airlines and Continental Airlines merged and United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012; (c) on May 2, 2011, Southwest acquired Air Tran, and Southwest and Air Tran began operating as a single airline (under the Southwest brand) in March 2012; (d) on December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc., and American and US Airways began operating as a single airline (under the American brand) in October 2015; (e) in December 2016, Alaska Air Group acquired Virgin America; and (f) in July 2022, JetBlue Airways agreed to acquire Spirit Airlines (the U.S. Department of Justice, along with several states, have sued to stop this merger). To date none of these mergers have had any material impact on airline service or enplanements at SDIA. While these prior mergers have not had any material impact on airline service or enplanements at SDIA or on Revenues, future mergers or alliances among airlines operating at SDIA may result in fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Revenues, reduced PFC collections and/or increased costs for the other airlines serving SDIA.

Industry Workforce Shortages. Workforce and labor shortages are an aviation industry-wide issue. For example, a shortage in pilots have especially affected smaller regional airlines. There are several causes for such shortage. Congress changed duty time rules in 2010 to mitigate pilot fatigue, which required airlines to increase pilot staff. Beginning in 2013, first officers flying for commercial airlines were required to have at least 1,500 hours of flight time, instead of the 250 hours previously required. Additionally, at the onset of the COVID-19 pandemic, airlines were faced with a surplus of personnel resulting from the sudden and dramatic decline in traffic. As a result, airlines offered their employees buyouts and early retirement packages and, according to certain media reports, approximately 10% of pilots took early retirement. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Further, as passenger demand increases as air traffic demand returns, the major air carriers are anticipated to need additional pilots, and are generally able to hire pilots away from regional airlines. As a result, small regional airlines have a particularly difficult time hiring qualified new pilots, despite increased incentives. The shortage of pilots available to regional airlines may result in reduced service to some smaller U.S. markets. An additional concern regarding the pilot workforce has recently come to light due to the COVID-19 pandemic. Pilots have self-reported increased errors to NASA's Aviation Safety Reporting System and attributed their errors to the reduction in flights, which has meant less time for pilots in the cockpit. Such reports raise the possible need for retraining opportunities as the airline industry recovers.

In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large portion of which are expected to retire in the next decade, and a lack of younger people joining the ranks of the mechanics. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

General labor staffing shortages have also affected the airline industry. Over the last several months, numerous airlines have cancelled thousands of flights attributed to bad weather, staffing shortages, and air traffic control issues, among other things.

Aircraft Shortages. After retiring numerous aircraft during the COVID-19 pandemic, airlines are struggling to acquire sufficient aircraft to meet growing demand for air service in the United States and abroad. Those challenges are compounded because aircraft manufacturers, including Airbus and Boeing, have experienced delays in producing and delivering aircraft. Such delays result from several factors, including supply-chain disruptions, staffing shortages and FAA certification delays. Delays in aircraft delivery may hamper airlines' ability to increase capacity to meet travel demand. If such aircraft-delivery delays persist, airlines could reduce service domestically and internationally, including from SDIA.

Bankruptcy by Airlines and Concessionaires

A bankruptcy of an airline or of another tenant or tenants operating from SDIA could result in delays or reductions in payments on the Senior Series 2023 Bonds.

Since December 2000, several airlines that currently operate at SDIA, including, among others, United Airlines, Delta Air Lines, American Airlines and Frontier Airlines, have filed for and reorganized under bankruptcy protection. Certain concessionaires and rental car companies also have filed for bankruptcy protection over the last several years, including Hertz Corporation in 2020. Additional bankruptcy filings may occur in the future. The bankruptcy of an airline with significant operations at SDIA could have a material adverse effect on operations of SDIA, Revenues, and the cost to the other airlines operating at SDIA.

In the event of a bankruptcy by an airline or other tenant operating from SDIA, the automatic stay provisions of the United States Bankruptcy Code (the "**Bankruptcy Code**") could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by an airline or other tenant to the Airport Authority or any action to enforce any obligation of an airline or other tenant to the Airport Authority. With the authorization of the bankruptcy court, an airline or other tenant may be able to repudiate some or all of its agreements with the Airport Authority and stop performing its obligations (including payment obligations) under such agreements. Such a repudiation also could excuse the other parties to such agreements from performing any of their obligations. An airline or other tenant may be able, without the consent and over the objection of the Airport Authority to alter the terms, including the payment terms, of its agreements with the Airport Authority, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, an airline or other tenant may be able to assign its rights and obligations under any of its agreements with the Airport Authority to another entity, despite any contractual provisions prohibiting such an assignment. The Senior Trustee and the holders of the Senior Series 2023 Bonds may be required to return to an airline or other tenant as preferential transfers any money that was used to make payments on the Senior Series 2023 Bonds and that was received by the Airport Authority or the Senior Trustee from such airline or other tenant during the 90 days immediately preceding the filing of the bankruptcy petition. Claims by the Airport Authority under any lease with an airline or agreement with another tenant may be subject to limitations.

As described under "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Passenger Facility Charges," the airlines serving SDIA also are required to pay to the Airport Authority PFCs collected from enplaned passengers at SDIA. The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Airport Authority) imposing the PFCs, except for any handling or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in their respective financial statements. However, the airlines, provided they are not under bankruptcy protection, are permitted to commingle PFC collections with other revenues. The bankruptcy courts have not fully addressed such trust arrangements. Therefore, the Airport Authority cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by one of the airlines operating at SDIA. The PFC Act requires an airline in bankruptcy protection to segregate PFC collections from all of its other revenues. It is possible that the Airport Authority could be held to be an unsecured creditor with respect to unremitted PFCs held by an airline that has filed for bankruptcy protection. Additionally, the Airport Authority cannot predict whether an airline operating at SDIA that files for bankruptcy protection would have properly accounted for the PFCs owed to the Airport Authority or whether the bankruptcy estate would have sufficient moneys to pay the Airport Authority in full for the PFCs owed by such airline. PFCs are not pledged to the repayment of any Senior Bonds (including the Senior Series 2023 Bonds) or Subordinate Obligations, however, the Airport Authority has in the past and expects to in the future use PFCs to pay debt service on PFC Eligible Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2023 BONDS—Use of PFCs to Pay Debt Service."

Each Non-Signatory Airline operating at SDIA is required to provide the Airport Authority with a letter of credit equal to approximately three months of estimated obligations payable by the airline to the Airport Authority. In the event of bankruptcy of a Non-Signatory Airline, the Airport Authority would be able to draw on any such letter of credit to pay obligations owed by the bankrupt airline. Payments under any letter of credit may not be sufficient to pay the Airport Authority all amounts owed by the bankrupt airline. Signatory Airlines are not required to provide a letter of credit or any other form of security deposit with the Airport Authority. However, in the event a Signatory Airlines were to file for bankruptcy protection and subsequently failed to pay any obligations owed to the Airport Authority, pursuant to the terms of the Airline Lease Agreement, the Airport Authority would be allowed to collect those unpaid obligations from the Signatory Airlines that continue to operate from the Airport as part of the landing fees and terminal rentals charged to the Signatory Airlines.

There may be delays in payments to the Airport Authority and resulting delays in the payment of principal of and interest on the Senior Series 2023 Bonds while the court considers any of the issues described above. There may be other possible effects of a bankruptcy of an airline or other tenant that could result in delays or reductions in payments on the Senior Series 2023 Bonds. Regardless of any specific adverse determinations in an airline or other tenant bankruptcy proceeding, the fact of an airline or other tenant bankruptcy proceeding could have an adverse effect on the liquidity and value of the Senior Series 2023 Bonds.

Southwest Airlines – SDIA's Largest Carrier

In Fiscal Year 2023, Southwest Airlines accounted for approximately 35.3% of the total enplaned passengers at SDIA. Where an airport has a sizable market share accounted for by a single airline, there is risk associated with the potential for that airline to reduce or discontinue service. However, in the case of Southwest Airlines at SDIA, this risk is mitigated by the following factors: (a) except during the COVID-19 pandemic, Southwest Airlines has been generally a profitable airline; and (b) the development of service by Southwest Airlines at SDIA has demonstrated a large O&D passenger demand that could be served by other airlines at SDIA in the unlikely event Southwest Airlines were to reduce service at SDIA. Nevertheless, the Airport Authority cannot predict what effect a reduction or discontinuation of service by Southwest would have on the Airport Authority or Revenues, or whether another airline would absorb the service provided by Southwest.

Aviation Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and continue to occur in the Middle East), terrorist attacks (see "—Factors Affecting the Airline Industry—Threats of Terrorism" above), increased threat levels declared by the Department of Homeland Security may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

The Airport Authority cannot predict whether SDIA will be targets of terrorists in the future. Additionally, the Airport Authority cannot predict the effect of any future government-required security measures on passenger activity at SDIA.

Regulations and Restrictions Affecting SDIA

The operations of SDIA are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Airline Lease Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the terrorist attacks of September 11, 2001, SDIA also has been required to implement enhanced security measures mandated by the FAA, the Department of Homeland Security and Airport management.

It is not possible to predict whether future restrictions or limitations on operations at SDIA will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for SDIA, whether additional requirements will be funded by the federal government or require funding by the Airport Authority, or whether such restrictions or legislation or regulations would adversely affect Revenues. See "—Aviation Security Concerns" above.

State Tidelands Trusts

Nearly all of the land on which SDIA's facilities are located is held in trust by the Port District pursuant to tidelands grants from the State. Generally, the use of lands subject to the trust is limited under the terms of the grants to harbor and airport uses and other uses of statewide interest, such as fishing, public recreation and enjoyment of the waterfront. Pursuant to the Act, the Port District has leased the land on which SDIA is located to the Airport Authority until 2069. There also are certain limitations on the use of funds generated from facilities located on this land. However, none of the various restrictions are expected to affect the operations of SDIA or the finances of the Airport Authority. The grants may be subject to amendment or revocation by the State legislature, as grantor of the trust and as representative of the beneficiaries (the people of the State). Under the law, any such amendment or revocation could not impair the accomplishment of trust purposes, or abrogate the existing covenants and agreements between the Port District, as trustee, the Airport Authority, as lessee, and the Airport Authority's bondholders. The Airport Authority does not anticipate that the State will revoke the tidelands grants.

Federal Law Affecting Airport Rates and Charges

In general, federal aviation law requires that airport fees charged to airlines and other aeronautical users be reasonable and that in order to receive federal grant funding, all airport generated revenues must be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. The Airport Authority is not aware of any formal dispute involving SDIA over any existing rates and charges. The Airport Authority believes that the rates and charges methodology it utilizes and the rates and charges it imposes upon air carriers, foreign air carriers and other aeronautical users are reasonable and consistent with applicable law. However, there can be no assurance that a complaint will not be brought against the Airport Authority in the near-term or in the future, challenging such methodology and the rates and charges established by the Airport Authority, and if a judgment is rendered against the Airport Authority, there can be no assurance that rates and charges paid by aeronautical users of SDIA will not be reduced. An adverse determination in a future challenge could limit the ability of the Airport Authority to charge airlines rates sufficient to meet the rate covenants in the Master Senior Indenture and the Master Subordinate Indenture and could have a material adverse impact on the receipt of Revenues.

Additionally, the policies of the FAA prohibit an airport from making direct or indirect payments that exceed the fair and reasonable value of the respective services and facilities provided to the airport. The Port District provides certain services to the Airport Authority and leases several parcels of land to the Airport Authority. If the FAA were to rule that the Airport Authority's payments to the Port District for the services provided by the Port District and/or for the lease of the several parcels of land to the Airport Authority violate the policies of the FAA, the Airport Authority would be solely responsible for correcting any such violations. If the Airport Authority violates the policies of the FAA, the FAA may withhold payment of AIP grants or rescind the Airport Authority's ability to collect PFCs until the Airport Authority corrects such violation. The Airport Authority is not aware of any challenges by the FAA to the payments being made by the Airport Authority to the Port District.

Restrictions on Airport Facilities and Operations

There are restrictions on the Airport Authority's ability to expand and develop facilities at SDIA. Current conditions at SDIA make the addition of a runway difficult. Obstacles to runway expansion include significant geographic obstructions, major land acquisition requirements, extensive infrastructure impacts, increased noise impacts and community resistance. Geographic obstructions include high terrain to the northeast and southwest of SDIA and manmade obstructions, such as office buildings, to the northeast, east and southeast of SDIA. See "SAN DIEGO INTERNATIONAL AIRPORT—Existing Facilities."

There also are direct restrictions on aircraft departures at SDIA, primarily relating to noise abatement. Specifically, departures from SDIA between 11:30 p.m. and 6:30 a.m. (known as Curfew) may be subject to penalty, and no airline may schedule or advertise for a departure between 11:15 p.m. and 6:15 a.m. These restrictions are subject only to limited exceptions including emergency and mercy flights. Landings at SDIA are not prohibited during the Curfew. See "AIRPORT ENVIRONMENTAL MATTERS—Airport Noise."

These restrictions on facilities and operations may limit the number of passengers and flights which SDIA can accommodate in the future which, in turn, may limit the amount of Revenues the Airport Authority can generate.

Factors Affecting Capital Program

As described herein, the Airport Authority is undertaking a significant capital development program at SDIA. The Airport Authority has entered into and will enter into agreements for the construction of such capital improvements. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT." The Airport Authority anticipates that such contracts will be subject to adjustment for a variety of circumstances, including higher than anticipated costs of labor and materials or subcontractor bids, changes in scope, unforeseen site conditions and force majeure events. The estimated costs of, and the projected schedule for, the capital development program are subject to a number of uncertainties. The ability of the

Airport Authority to complete the New T1 may be adversely affected by various factors including: (a) estimating errors; (b) design and engineering errors; (c) changes to the scope of the projects, including changes to federal security regulations; (d) delays in contract awards; (e) material and/or labor shortages; (f) unforeseen site conditions; (g) adverse weather conditions and other force majeure events; (h) contractor defaults; (i) labor disputes; (j) unanticipated levels of inflation; and (k) environmental issues. No assurance can be made that the New T1 will not cost more than the current budget. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs per enplaned passenger to the airlines, thereby making SDIA less economically competitive. There can be no assurances that significant increases in costs over the amounts projected by the Airport Authority will not materially adversely affect the financial condition or operations of SDIA. See "INTRODUCTION—Capital Program and New T1—New T1" and "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Capital Program—New T1" for a discussion of the ongoing negotiations between the Airport Authority and the Terminal and Roadway Contractor to agree on a guaranteed maximum price for the design and construction of the Terminal and Roadways Component of the New T1. As of the date of this Official Statement, the Airport Authority is estimating that the budget for the New T1 will increase up to 11% (which increase is attributable to the cost of the Terminal and Roadways Component of the New T1).

Unavailability of, or Delay in, Anticipated Funding Sources

As described herein, the Airport Authority anticipates that funding for the New T1 and the CIP has been and will be provided through a combination of proceeds of the Senior Series 2023 Bonds, the previously issued Subordinate Series 2019 Bonds and Subordinate Series 2021A/B Bonds, Additional Senior Bonds and/or Additional Subordinate Obligations, internally generated cash of the Airport Authority, PFC revenues on a pay-as-you-go basis, AIP and BIL grants, and other sources. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT" for a description of the financing plan for the New T1 and the CIP. In the event that any of such sources are unavailable for any reason, including unavailability of internally generated cash flow; reduction in the amount of PFCs or AIP or BIL grants available to the Airport Authority; non-appropriation of, or delay in payment of, federal funds or grants; the inability of the Airport Authority to issue or sell Additional Senior Bonds and/or Additional Subordinate Obligations; or any other reason, the completion of the New T1 and the projects included in the CIP could be substantially delayed and financing costs could be higher than projected. There can be no assurances that such circumstances will not materially adversely affect the financial condition or operations of SDIA and the Airport Authority.

Availability of PFCs. The Airport Authority expects to use approximately $17.6 million of PFCs on a pay-as-you-go basis to finance costs of the Quieter Home Program. Additionally, in Fiscal Years 2026 through 2029, the Airport Authority expects to use approximately $310 million of PFCs to pay debt service on PFC Eligible Bonds (including a portion of the Subordinate Series 2019A Bonds, a portion of the Subordinate Series 2020 Bonds, a portion of the Subordinate Series 2021 Bonds, a portion of the Senior Series 2023 Bonds and certain Additional Senior Bonds and/or Additional Subordinate Obligations expected to be issued to finance a portion of the New T1). See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2023 BONDS—Use of PFCs to Pay Debt Service" and "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT."

The amount of PFCs received by the Airport Authority in future years will vary based upon the actual number of PFC-eligible passenger enplanements at SDIA. No assurance can be given that any level of enplanements will be realized. See "—Factors Affecting the Airline Industry" above. Additionally, the FAA may terminate the Airport Authority's ability to impose the PFC, subject to informal and formal procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the PFC Regulations; or (b) the Airport Authority otherwise violates the

PFC Act or the PFC Regulations. Its authority to impose the PFC may also be terminated if the Airport Authority violates certain provisions of ANCA and its implementing regulations. The regulations under ANCA also contain procedural safeguards to ensure that the Airport Authority's ability to impose a PFC would not be summarily terminated. No assurance can be given that the Airport Authority's ability to impose the PFC will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Airport Authority or that the Airport Authority will not seek to decrease the amount of the PFC to be collected.

A shortfall in PFC revenues, as a result of the FAA or Congress reducing or terminating the Airport Authority's ability to collect PFCs or as a result of any other actions, may cause the Airport Authority to increase rates and charges at SDIA to meet the debt service requirements on the PFC Eligible Bonds that the Airport Authority plans to pay with PFCs, and/or require the Airport Authority to identify other sources of funding to pay for the costs of the Capital Program projects currently expected to be paid with PFC revenues, including issuing Additional Senior Bonds and/or Additional Subordinate Obligations.

Availability of Federal Funds. See also "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Federal Funding," for a discussion of the assumptions with respect to AIP and BIL grant funding. Although the Airport Authority considers these assumptions to be reasonable, assumptions are inherently subject to certain uncertainties and contingencies. Actual AIP and BIL funding levels and the timing of the receipt of such funds vary and such differences may be material. Funds obligated for the AIP are drawn from SDIA and Airway Trust Fund that is supported by user fees, fuel taxes, and other similar revenue sources that must be authorized and approved by Congress.

If there is a reduction in the amount of AIP or BIL grants awarded to the Airport Authority, such reduction could (i) increase by a corresponding amount the capital expenditures that the Airport Authority would need to fund from other sources (including operating revenues, Additional Senior Bonds or Additional Subordinate Obligations), (ii) result in cancellation of certain Capital Program projects or (iii) extend the timing for completion of certain projects.

Cyber and Data Security

Airport Authority. The Airport Authority, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Airport Authority faces multiple cyber threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computers and other sensitive digital networks and systems (collectively, "**Systems Technology**"). There have been cyber-attack attempts on the Airport Authority's computer systems, but none have resulted in widespread compromise of the systems, data loss or breach that the Airport Authority has identified.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Airport Authority's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

The Airport Authority has taken extensive measures to safeguard its Systems Technology against cybersecurity threats. To name a few, the Airport Authority has obtained PCI (Payment Card Industry) compliance for all systems processing, storing, or transmitting credit card data; the Airport Authority has implemented the NIST (National Institute of Standards Technology) framework consisting of standards, guidelines, and best practices to manage cybersecurity related risk; the Airport Authority has engaged the Department of Homeland Security to conduct risk and vulnerability assessments of its Systems Technology;

and annually, the Airport Authority conducts incident response table top exercises to simulate a data breech and provide Airport Authority wide training to staff and contractors on cybersecurity best practices.

No assurances can be given that the Airport Authority's security and operational control measures will ensure against any and all cybersecurity threats and attacks. A cybersecurity incident or breach could damage the Airport Authority's Systems Technology and cause disruption to Airport Authority and/or Airport services, operations and finances. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Airport Authority to material litigation and other legal risks, which could cause the Airport Authority to incur material costs related to such legal claims or proceedings. The Airport Authority will continue to assess cyber threats and protect its data and systems

Airlines, Concessionaires and Other Entities Operating at the Airport. Computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including the airlines, the FAA, the TSA, the concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of the air travel industry, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the air travel industry, which could ultimately adversely affect the airline industry and operations at the Airport System.

Federal Funding; Impact of Federal Sequestration

The Airport Authority receives certain federal funds including from the AIP fund. Additionally, certain operations at the Airport are supported by federal agencies including flight traffic controllers, FAA, TSA, FBI, Customs and Border Security, among others. Federal agencies also have regulatory and review authority over, among other things, certain Airport operations, construction at the Airport and the airlines operating at the Airport.

From time to time, the federal government has, and may in the future, come to an impasse regarding, among other things, reauthorization of the FAA (which has historically included funding for AIP) and other federal appropriations and spending. The current FAA reauthorization became effective on October 5, 2018, with the passage of the "FAA Reauthorization Act of 2018" (the "**2018 FAA Act**"). The 2018 FAA Act provides funding for the FAA and AIP through September 30, 2023. [Status of new reauthorization bill to come.]

Failure to adopt such legislation may have a material, adverse impact on, among other things, (i) federal funding received by the Airport Authority, including under the AIP; (ii) federal agency budgets, hiring, furloughs, operations and availability of Federal employees to support certain operations at the Airport, provide regulatory and other oversight, review and provide required approvals, in each case at the Airport and over the airlines serving the Airport; (iii) flight schedules, consumer confidence, operational efficiency at the Airport and in the air transportation system generally. In addition, the anticipated federal spending could be affected by, among other things, the automatic across-the-board spending cuts, known as sequestration.

There can be no assurance that the Congress will enact and the President will sign federal appropriation legislation or future FAA reauthorization which may require the Airport Authority to fund capital expenditures forecast to come from such federal funds and from other sources (including operating revenues, Additional Senior Bonds and/or Additional Subordinate Obligations), result in decreases to the CIP or extend the timing for completion of certain projects and the Airport Authority is also unable to predict future impact of any federal spending cuts or appropriation impasses or the impact of such actions on airline traffic at the Airport or the Airport Authority's revenues.

Technological Innovations in Ground Transportation

One significant category of non-airline revenues for the Airport Authority is generated from ground transportation activity, including use of on-Airport parking garages; fees paid by taxis, limousines and TNCs, such as Uber and Lyft; and rental car transactions by Airport passengers. Prior to the COVID-19 pandemic, passenger levels were increasing but the relative market share of these sources of revenue were shifting. As one example, the popularity of TNCs increased because of the increasing number of cities where TNCs operate, convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing. See "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES—TNC Permits."

New technologies (such as autonomous vehicles and connected vehicles) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in Airport passengers' choice of ground transportation mode. While the Airport Authority makes every effort to anticipate demand shifts, there may be times when the Airport Authority's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The Airport Authority cannot predict with certainty what impact these innovations in ground transportation will have over time on revenues from parking, other ground transportation services or rental cars. The Airport Authority also cannot predict with certainty whether or to what extent it will collect non-airline revenues in connection with such new technologies or innovative business strategies.

Financial Feasibility Report

The Financial Feasibility Report included as Appendix A to this Official Statement contains certain assumptions and forecasts. The Financial Feasibility Report should be read in its entirety for a discussion of historical and forecasted results of enplanements, operations and debt service coverage and the assumptions and rationale underlying the forecasts. As noted in the Financial Feasibility Report, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material.

Accordingly, the projections contained in the Financial Feasibility Report or that may be contained in any future certificate of the Airport Authority or a consultant are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Airport Authority assumes any responsibility for the failure to meet such projections. In addition, certain assumptions with respect to future business and financing decisions of the Airport Authority are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Senior Series 2023 Bonds are cautioned not to place undue reliance upon the Financial Feasibility Report or upon any projections or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of Revenues, Net Revenues, Subordinate Net Revenues, PFCs and federal funds and grants may be materially less than expected and consequently, the ability of the Airport Authority to make timely payment of the principal of and interest on the Senior Series 2023 Bonds may be materially adversely affected.

Neither the Airport Authority's independent auditors, nor any other independent accountants have compiled, examined or performed any procedures with respect to the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenues forecast.

Impact of Potential Earthquakes

Although the San Diego area has not experienced any significant damage from seismic activities, the geographical area in which SDIA is located is subject to unpredictable seismic activity. Southern California is characterized by a number of geotechnical conditions which represent potential safety hazards, including expansive soils and areas of potential liquefaction. The San Andreas, Rose Canyon, Elsinore and San Jacinto fault zones are all capable of producing earthquakes in the San Diego area. SDIA has not experienced any significant losses of facilities or services as a result of earthquakes.

The main terminal buildings of SDIA were seismically upgraded in the mid-1990s and comply with applicable building codes. However, SDIA's facilities could sustain extensive damage in a major seismic event, ranging from total destruction of SDIA, to destabilization or liquefaction of the soils, to little or no damage at all. There can be no assurances that damage resulting from an earthquake will not materially adversely affect the financial condition or operations of SDIA or the ability of the Airport Authority to generate Net Revenues and Subordinate Net Revenues in the amounts required by the Senior Indenture and the Subordinate Indenture, as applicable. The Airport Authority does not currently maintain earthquake insurance, but as of June 30, 2023, the Airport Authority had designated approximately $[12] million from its net position as an insurance contingency, which could be used in the event of damage to the Airport from an earthquake, among other things. See "FINANCIAL INFORMATION—Risk Management and Insurance." In addition to damage to the Airport facilities, an earthquake also could cause damage to the infrastructure surrounding the Airport (i.e., roads), which could make going to and leaving the Airport difficult for travelers wanting to use the Airport.

The Airport Authority is unable to predict when another earthquake may occur and what impact, if any, it may have on SDIA or the finances of the Airport Authority or whether the Airport Authority will have sufficient resources to rebuild or repair damaged facilities following a major earthquake.

Climate Change

Possible Increased Regulations. Climate change concerns are leading to new laws and regulations at the federal and state levels that could have a material adverse effect on airlines operating at SDIA and also could affect ground operations at SDIA.

According to the EPA, aircraft account for 12% of all U.S. transportation GHG emissions and approximately 3% of total U.S. GHG emissions. On January 11, 2021, the EPA issued a final rule entitled "Control of Air Pollution from Airplanes and Airplane Engines: GHG Emission Standards and Test Procedures, 86 Fed. Reg. 2136 (Jan. 11, 2021)." The rule adopts GHG standards equivalent to those adopted by the International Civil Aviation Organization ("**ICAO**") in 2017 for certain civil subsonic jet airplanes and larger subsonic propeller-driven airplanes with turboprop engines. The standards generally apply to new type design airplanes with certification applications submitted on or after January 11, 2021 (January 1, 2023 for certain, smaller new designs) and in-production airplanes starting on January 1, 2028

— but not to existing airplanes already in service. In its analysis of costs and benefits in the preamble to the rule, the EPA explained that many airplanes manufactured in the United States "already met the ICAO standards at the time of their adoption" or would be expected to do so by 2028. The impact to the Airport is not expected to be significant, and the rule does not require modifications to airports.

In January 2021, a coalition of states including California filed a petition to review, challenging the final rule as unlawful and requesting remand to the EPA. The petitioners argued that the rule will not reduce aircraft emissions and cause no action by aircraft manufacturers. The case remains in abeyance in the United States Court of Appeals for the District of Columbia pending review of the final rule pursuant to President Biden's Executive Order 13990. Executive Order 13990 directs agency review of regulations promulgated, issued, or adopted between January 20, 2017 and January 20, 2021.

In March 2017, ICAO, a specialized agency within the United Nations, adopted GHG carbon neutral growth targets applicable to (i) new aircraft type designs as of 2020 and (ii) new deliveries of current in-production aircraft models from 2023. The global standard includes a cutoff date of 2028 for production of non-compliant aircraft. Separate from the ICAO standards discussed above, in October 2016, the ICAO also passed a global market-based mechanism to achieve carbon-neutral growth for international aviation after 2020, the Carbon Offsetting and Reduction Scheme for International Aviation ("**CORSIA**"), which can be achieved through airline purchases of carbon offset credits.

Originally, 2019 and 2020 were modeled to be the baseline years for the CORSIA emissions reductions; however, in July 2020, the ICAO decided to implement a change to the CORSIA emissions baseline, disregarding 2020 emissions, to account for the significant impact of the COVID-19 pandemic artificially reducing emissions compared to the 2016 levels. While the change in baseline did not change the timeline for the above implementation phases, the altered baseline could delay until 2026 the effectiveness of the requirement for airlines to purchase carbon offset credits. The United States is participating in the CORSIA pilot, which did commence in 2021 as scheduled, and covers approximately 36% of international flights. Alongside the country's commitment, virtually all U.S.-based airlines agreed to participate in CORSIA. Additionally, participating nations are developing a monitoring, reporting and verification system for GHG emissions from international flights. It remains unclear whether CORSIA will have any impact, economically or on climate.

In addition to these regulatory actions, other laws and regulations limiting GHG emissions have been adopted by a number of states, including California, and have been proposed on the federal level. California passed Assembly Bill 32, the California Global Warming Solutions Act of 2006 ("**AB 32**"), which required the statewide level of GHGs to be reduced to 1990 levels by 2020. On October 20, 2011, CARB made the final adjustments to its implementation of AB 32: the California cap-and-trade program (the "**California Cap-and-Trade Program**"). In August 2016, Senate Bill 32 was enacted and extends the California Cap-and-Trade Program and requires a reduction of California-wide GHG emissions to 40% below 1990 levels by December 31, 2030. [CARB is in the process of preparing a 2022 Scoping Plan Update to assess progress toward the 2030 target and to prepare a plan to achieve carbon neutrality by 2045.] The California Cap-and-Trade Program was implemented for certain entities emitting 25,000 metric tons of carbon dioxide equivalent per year or more, with non-covered entities allowed to voluntarily participate. Entities emitting between 10,000 and 25,000 metric tons (including the Airport) are required to report stationary source emissions, but are not required to participate in the program. The California Cap-and-Trade Program, and additional State and local regulations related to climate change (including CARB's Low Carbon Fuel Standard, California's State Implementation Plan, the Sustainable Freight Action Plan, and regional GHG Emissions Reduction Targets) may require the airlines serving the Airport, other Airport tenants, and on-Airport operations to meet new compliance obligations that increase operational, utility and fuel costs (such as CARB's adoption of a requirement for all airport shuttles to be zero emission by 2035 and its similar proposed regulations regarding ground support equipment). In some cases, these policies provide financial incentives for GHG reduction or air quality improvements through expanded or improved infrastructure and/or vehicle electrification or alternative fuels replacement. In other cases, they prevent the airport, equipment owner, or operator from accessing grants where a key eligibility requirement is that an investment must be voluntary. Additional regulations on a State and local level are pending and foreseeable (including expanding emissions mitigation measures aimed at commercial airports).

See "AIRPORT ENVIRONMENTAL MATTERS—Air Quality and Carbon Management Plan" for a discussion of the Airport Authority's plans to reduce GHG emissions at SDIA.

The Airport Authority is unable to predict what federal and/or state laws and regulations with respect to GHG emissions will be adopted, or what effects such laws and regulations will have on airlines serving SDIA or on SDIA operations. The effects, however, could be material.

Possible Sea-Level Rise. SDIA is located less than 100 yards from San Diego Bay, which is located approximately two miles from the Pacific Ocean. It is anticipated that the San Diego area, including SDIA, will be exposed to rising sea levels as a result of climate change. In April 2017, the California Ocean Protection Council released an update on sea level rise science entitled "*Rising Seas in California: An Update on Sea-level Rise Science*." The paper posits that sea level increases in the San Diego region by 2050 will likely be between 0.7 – 2.0 feet above historical levels. The paper was updated in March 2018 and expanded to include various sea level rise scenarios (coupled with 100-year storm surge events) through 2100 and their relative probability. These estimates guided additional flood modeling that was included in a new Climate Resilience Plan for SDIA.

In 2015, the Airport Authority conducted a hydrologic and hydraulic base model of runoff and discharges from Airport watersheds for both existing and future conditions in multiple storm scenarios. The assessment concluded that certain of the Airport's most critical infrastructure, such as the runway, the majority of the taxiways and the air traffic control tower, did not appear to face major risk of flooding, even in scenarios that account for future sea level rise. This assessment was expanded with the development of a Climate Resilience Plan in 2019. The plan formally evaluated SDIA's vulnerability to potentially higher sea levels, more intense rainfall, and more extreme heat and identifies strategies to address predicted climate conditions through the end of the century. The plan's strategies are generally grouped around the following goals: (1) reduce risks associated with climate change to ensure business continuity, and to maintain a quality passenger experience; (2) integrate climate resilience into airport operations and development decisions; and (3) provide regional and industry leadership in climate resilience. The Airport Authority also is a member of the San Diego Regional Climate Collaborative, providing interagency coordination on how to address and implement actions to address the impacts of climate change in the region.

The Airport Authority now requires all new development projects to be screened for potential impacts created by climate change. It has already raised the elevation of new facilities (the new Administration Building and the Airline Support Building) where modeling had indicated the potential for future coastal flooding, and the New Terminal 1, the new Terminal 1 Parking Plaza and roadways being constructed as part of the New T1 have been sited and designed to be resilient to potential sea level rise conditions in Year 2100.

The Airport Authority is unable to predict whether sea-level rise or other impacts of climate change will occur while the Senior Series 2023 Bonds are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Revenues.

Ability To Meet Rate Covenant

As discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2023 BONDS—Senior Rate Covenant," the Airport Authority has covenanted in the Master Senior Indenture to establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the rate covenant set forth in the Master Senior Indenture is met. In addition to Net Revenues, the Airport Authority has in the past, and expects to in the future, to use PFCs to pay debt service on the PFC Eligible Bonds. Additionally, the Airport Authority also has used other non-Revenues (i.e., COVID-19 Federal Relief Funds) to pay the Operation and Maintenance Expenses of the Airport System and the debt service on the Senior Bonds and the Subordinate Obligations. If PFCs or other non-Revenues are used to pay principal of and/or interest on Senior Bonds and/or Subordinate Obligations or Operation and Maintenance Expenses of the Airport System, such amounts are excluded from the calculation of debt service on such Senior Bonds and Subordinate Obligations and the Operation and Maintenance Expenses of the Airport System; thus decreasing debt service and Operation and Maintenance Expenses of the Airport System and increasing debt service coverage for purposes of the rate covenants under the Master Senior Indenture and the Master Subordinate Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2023 BONDS—Use of PFCs to Pay Debt Service." Also see "—Availability of PFCs" above.

If Net Revenues were to fall below the levels necessary to meet the rate covenant set forth in the Master Senior Indenture, the Master Senior Indenture provides for procedures under which the Airport Authority would retain and direct a Consultant to make recommendations as to the revision of the Airport Authority's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Airport Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Airport Authority is required to take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to meet the rate covenant. Increasing the schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Airport Authority in connection with the Airport System is subject to contractual, statutory and regulatory restrictions (see "—Regulations and Restrictions Affecting SDIA" above). Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of SDIA could have a detrimental impact on the operation of SDIA by making the cost of operating at SDIA unattractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of SDIA.

Enforceability of Remedies; Limitation on Remedies

As discussed above under "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2023 BONDS—Senior Events of Default and Remedies; No Acceleration," there is no right to acceleration of payments to bondholders under the Senior Indenture, and bondholders may be required to make a separate claim for each semiannual payment not paid. Enforceability of the rights and remedies of the owners of the Senior Series 2023 Bonds, and the obligations incurred by the Airport Authority, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against State entities similar to the Airport Authority. Bankruptcy proceedings, or the exercise of powers by the Federal or State government, if initiated, could subject the owners of the Senior Series 2023 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Legal opinions to be delivered concurrently with the delivery of the Senior Series 2023 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Senior Series 2023 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors' rights generally and by equitable remedies and proceedings generally.

Potential Limitation of Tax Exemption of Interest on Senior Series 2023 Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Senior Series 2023 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended (the "**Code**"), or court decisions may also cause interest on the Senior Series 2023 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Code or court decisions may also affect the market price for, or marketability of, the Senior Series 2023 Bonds. Prospective purchasers of the Senior Series 2023 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. See "TAX MATTERS—Changes in Federal and State Tax Law."

Risk of Tax Audit

The Internal Revenue Service (the "**IRS**") includes a subdivision that is specifically devoted to tax-exempt bond compliance. If the IRS undertook an examination of the Senior Series 2023A Bonds and/or the Senior Series 2023B Bonds or other bonds issued by the Airport Authority as tax-exempt bonds, it may have a material adverse effect on the marketability or the market value of the Senior Series 2023 Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements". When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. See "INTRODUCTION—Forward-Looking Statements."

Any financial projections set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to the prospective financial information. The Airport Authority's independent auditors have not compiled, examined, or performed any procedures with respect to the prospective financial information contained in this Official Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The Airport Authority's independent auditors have not been consulted in connection with the preparation of any financial projections contained in this Official Statement and the Airport Authority's independent auditors assume no responsibility for its content.

AIRLINE INDUSTRY INFORMATION

Certain of the airlines or their parent corporations operating at SDIA are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and, as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements can be inspected and copies obtained at prescribed rates in the Public Reference Room of the SEC at 100 F Street, NE, Room 1580, Washington, DC 20549. The SEC maintains a website at http://www.sec.gov containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the DOT. Such reports can be inspected at the following location: Bureau of Transportation Statistics, Research and Innovation Technology Administration, Department of Transportation, 1200 New Jersey Avenue, SE, Washington, DC 20590, and copies of such reports can be obtained from the DOT at prescribed rates.

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

The Airport Authority undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of information available from the SEC or the DOT as discussed in the preceding paragraphs, including, but not limited to, updates of such information on the SEC's website or links to other Internet sites accessed through the SEC's website.

See also "CERTAIN INVESTMENT CONSIDERATIONS" for discussions regarding the financial condition of the airlines and the effects of airline bankruptcies on the Airport Authority.

LITIGATION AND EXAMINATIONS

No Litigation Relating to Senior Series 2023 Bonds

There is no litigation now pending or, to the best of the Airport Authority's knowledge, threatened which seeks to restrain or enjoin the sale, issuance or delivery of the Senior Series 2023 Bonds or in any way contests the validity of the Senior Series 2023 Bonds or any proceedings of the Board taken with respect to the authorization, sale or issuance of the Senior Series 2023 Bonds, the pledge or application of any moneys provided for the payment of or security for the Senior Series 2023 Bonds, or the use of the proceeds of the Senior Series 2023 Bonds.

Litigation Relating to the Airport Authority and SDIA

There are a number of litigation matters pending against the Airport Authority for incidents at SDIA. These claims and suits are of a nature usually incident to the operation of SDIA and, in the aggregate, in the opinion of Airport Authority management, based upon the advice of the General Counsel to the Airport Authority, will not have a material adverse effect on the Revenues or financial condition of SDIA. It should be noted that a portion of the claims relating to personal injuries and property damage are covered by a comprehensive insurance program maintained by the Airport Authority for SDIA.

There are no material claims or litigation arising out of or challenging any federal fund or grants held by the Airport Authority to date.

See also "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021—NOTE 12. COMMITMENTS AND CONTINGENCIES."

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel to the Airport Authority, under existing laws, regulations, rulings and judicial decisions, interest on the Senior Series 2023 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Senior Series 2023B Bond for any period during which such Senior Series 2023B Bond is held by a "substantial user" of the facilities financed or refinanced by the Senior Series 2023B Bonds or a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that (a) interest on the Senior Series 2023A Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals, and (b) interest on the Senior Series 2023B Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinions described above assume the accuracy of certain representations and compliance by the Airport Authority with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Senior Series 2023 Bonds. Failure to comply with such requirements could cause interest on the Senior Series 2023 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Senior Series 2023 Bonds. The Airport Authority has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Senior Series 2023 Bonds. For tax years beginning after December 31, 2022, interest on the Senior Series 2023 Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Senior Series 2023 Bonds may otherwise affect the federal income tax liability of the owners of the Senior Series 2023 Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Senior Series 2023 Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Senior Series 2023 Bonds.

Bond Counsel is further of the opinion that interest on the Senior Series 2023 Bonds is exempt from present State of California personal income taxes.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix E.

Tax Treatment of Original Issue Premium

The Senior Series 2023 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "**Premium Senior Series 2023 Bonds**"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium

Senior Series 2023 Bond over its stated redemption price at maturity constitutes premium on such Premium Senior Series 2023 Bond. A purchaser of a Premium Senior Series 2023 Bond must amortize any premium over such Premium Senior Series 2023 Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Senior Series 2023 Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Senior Series 2023 Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Senior Series 2023 Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Senior Series 2023 Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Senior Series 2023 Bond.

Tax Treatment of Original Issue Discount

The Senior Series 2023 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "**Discount Senior Series 2023 Bonds**"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Senior Series 2023 Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Senior Series 2023 Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Senior Series 2023 Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Senior Series 2023 Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Senior Series 2023 Bond, on days that are determined by reference to the maturity date of such Discount Senior Series 2023 Bond. The amount treated as original issue discount on such Discount Senior Series 2023 Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Senior Series 2023 Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Senior Series 2023 Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Senior Series 2023 Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Senior Series 2023 Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Senior Series 2023 Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Senior Series 2023 Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Senior Series 2023 Bond. Subsequent purchasers of Discount Senior Series 2023 Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Backup Withholding

An owner of a Senior Series 2023 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Senior Series 2023 Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Senior Series 2023 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Senior Series 2023 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Senior Series 2023 Bonds or the market value thereof would be impacted thereby. Purchasers of the Senior Series 2023 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Senior Series 2023 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Senior Series 2023 Bonds are advised to consult their own tax advisors prior to any purchase of the Senior Series 2023 Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Senior Series 2023 Bonds.

RATINGS

Fitch Ratings and Moody's Investors Service, Inc. have assigned ratings of "[•]" ([•] outlook) and "[•]" ([•] outlook), respectively, to the Senior Series 2023 Bonds. Such ratings reflect only the views of such organizations and any explanation of the meaning and significance of such ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, One State Street Plaza, New York, NY 10004; and Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The respective ratings are not a recommendation to buy, sell or hold the Senior Series 2023 Bonds. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Senior Series 2023 Bonds.

LEGAL MATTERS

The validity of the Senior Series 2023 Bonds and certain other legal matters are subject to the approving opinions of Kutak Rock LLP, Bond Counsel to the Airport Authority. A complete copy of the proposed form of Bond Counsel's opinion is contained in Appendix E attached hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain matters will be passed upon for the Airport Authority by the General Counsel to the Airport Authority. Certain legal matters with respect to this Official Statement will be passed upon by Kutak Rock LLP, Disclosure Counsel to the Airport Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Squire Patton Boggs (US) LLP. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel with respect to the issuance of the Senior Series 2023 Bonds are contingent upon the issuance and delivery of the Senior Series 2023 Bonds. Bond Counsel, Disclosure Counsel and Underwriters' Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

UNDERWRITING

The Senior Series 2023A Bonds will be purchased by Jefferies LLC, Samuel A. Ramirez & Co., Inc., Academy Securities, Inc., BofA Securities, Inc., Morgan Stanley & Co. LLC, RBC Capital Markets LLC, Siebert Williams Shank & Co., LLC, and Stern Brothers & Co. (collectively, the "**Underwriters**"), from the Airport Authority at a price of $____________ (which consists of the par amount of the Senior Series 2023A Bonds, plus an original issue premium of $____________, less an underwriters' discount of $____________), subject to the terms of the purchase contract (the "**Purchase Contract**"), between Jefferies LLC, as representative of the Underwriters, and the Airport Authority.

The Senior Series 2023B Bonds will be purchased by the Underwriters, from the Airport Authority at a price of $____________ (which consists of the par amount of the Senior Series 2023B Bonds, plus an original issue premium of $____________, less an underwriters' discount of $____________), subject to the terms of the Purchase Contract.

The Purchase Contract provides that the Underwriters will purchase all of the Senior Series 2023 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices of the Senior Series 2023 Bonds set forth on the inside of the front cover hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Senior Series 2023 Bonds into unit investment trusts or money market funds at prices lower than the public offering prices stated on the cover hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Airport Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Airport Authority.

The following four paragraphs have been provided by Academy Securities, Inc., BofA Securities, Inc., Morgan Stanley & Co. LLC, and Stern Brothers & Co., respectively for inclusion in this Official Statement and the Airport Authority does not make any representation as to their accuracy or completeness.

Academy Securities, Inc., one of the Underwriters of the Senior Series 2023 Bonds, has entered into third-party distribution agreements with various dealers for the retail distribution of certain municipal securities at the original issue prices. Pursuant to these third-party distribution agreements, Academy Securities may share a portion of its underwriting compensation with the respective dealers.

BofA Securities, Inc., one of the Underwriters of the Senior Series 2023 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("**MLPF&S**"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Senior Series 2023 Bonds.

Morgan Stanley & Co. LLC, one of the Underwriters of the Senior Series 2023 Bonds, has entered into a retail distribution arrangement with its affiliate, Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Senior Series 2023 Bonds.

Stern Brothers & Co., one of the Underwriters of the Senior Series 2023 Bonds, has entered into agreements (each a "**Stern Brothers Agreement**") each with InspereX LLC ("**InspereX**") and Wedbush Securities Inc. ("**Wedbush**") for the distribution of certain municipal securities offerings at the original issue price. Pursuant to each Stern Brothers Agreement, Stern Brothers & Co. may sell the Senior Series 2023 Bonds to each InspereX and Wedbush and will share a portion of its selling concession compensation with each, if applicable.

RELATED PARTIES

BofA Securities, Inc., one of the Underwriters of the Senior Series 2023 Bonds, and Bank of America, N.A., which is the provider of the revolving line of credit under the Subordinate Credit Agreement and the holder of the Subordinate Revolving Obligations, are both wholly-owned, indirect subsidiaries of Bank of America Corporation. A portion of the proceeds of the Senior Series 2023 Bonds will be used to repay all of the outstanding Subordinate Revolving Obligations.

Jefferies LLC, one of the Underwriters of the Senior Series 2023 Bonds, also is serving as the sole Dealer Manager in connection with the tender and purchase of the Subordinate Series 2021C Bonds. The Airport Authority will pay Jefferies LLC a separate fee (in addition to the underwriters' discount) for acting as Dealer Manager with respect to the tender.

MUNICIPAL ADVISOR

The Airport Authority has retained the services of Frasca & Associates, LLC, New York, New York, as Municipal Advisor in connection with the issuance of the Senior Series 2023 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

At the time of issuance of the Senior Series 2023 Bonds, the Airport Authority will execute and deliver a Continuing Disclosure Certificate (the "**Continuing Disclosure Certificate**"), substantially in the form set forth in Appendix F of this Official Statement. Pursuant to the Continuing Disclosure Certificate, the Airport Authority will covenant to provide, or cause to be provided, to the MSRB, through the EMMA System, in an electronic format as prescribed by the MSRB, for purposes of Rule 15c2-12 adopted by the SEC ("**Rule 15c2-12**"), certain annual financial information and operating data relating to the Airport Authority and the Airport System and, in a timely manner, notice of certain enumerated events. See "APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The Airport Authority entered into a continuing disclosure certificate with respect to the Series 2014 Special Facilities Bonds. With respect to such continuing disclosure certificate, the Airport Authority failed to file on a timely basis, on the EMMA website, notice of a change in the rating of the Series 2014 Special Facilities Bonds. S&P Global Ratings upgraded the rating on the Series 2014 Special Facilities Bonds from "A-" to "A" on October 31, 2018, and the Airport Authority filed the notice of the rating change on the EMMA website on December 3, 2018.

FINANCIAL STATEMENTS

The audited financial statements of the Airport Authority for Fiscal Years 2022 and 2021 are included as Appendix B attached hereto. The financial statements referred to in the preceding sentence have been audited by Forvis, LLP, the Airport Authority's independent auditor, as stated in its Independent Auditor's Report, dated November 1, 2022, included in Appendix B. Forvis, LLP has not been engaged to perform, and has not performed, since the date of its Independent Auditor's Report, any procedures on the financial statements addressed in its report. Forvis, LLP also has not performed any procedures relating to this Official Statement.

As of the date of this Official Statement, the Airport Authority expects its audited financial statements for the Fiscal Year ended June 30, 2023 will be accepted by the Board on November [•], 2023. Upon acceptance by the Board, the Airport Authority will post the Fiscal Year 2023 audited financial statements on the MSRB's EMMA website.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not representations of fact. No representation is made that any of such opinions or estimates will be realized.

All references to the Act, the Senior Indenture, the Subordinate Indenture, the Airline Lease Agreements and agreements with any other parties herein and in the Appendices hereto are made subject to the detailed provisions of such documents, and reference is made to such documents and agreements for full and complete statements of the contents thereof. Copies of such documents are available for review at the offices of the Airport Authority which are located at [3rd Floor, 3225 North Harbor Drive, San Diego, California 92101]. This Official Statement is not to be construed as a contract or agreement between the Airport Authority and the owners of any of the Senior Series 2023 Bonds.

AUTHORIZATION

The Board has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered by the President and CEO on behalf of the Airport Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ____
President/CEO

APPENDIX A

FINANCIAL FEASIBILITY REPORT

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

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APPENDIX C-1

CERTAIN DEFINITIONS

APPENDIX C-2

SUMMARY OF THE MASTER SENIOR INDENTURE

APPENDIX C-3

SUMMARY OF THE FIFTH SUPPLEMENTAL SENIOR INDENTURE

APPENDIX C-4

SUMMARY OF THE MASTER SUBORDINATE INDENTURE

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT

APPENDIX E

PROPOSED FORM OF BOND COUNSEL'S OPINION

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APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "***Certificate***") is executed and delivered by the San Diego County Regional Airport Authority (the "***Airport Authority***") in connection with the issuance of its (a) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the "***Senior Series 2023A Bonds***"), and (b) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the "***Senior Series 2023B Bonds***," and together with the Senior Series 2023A Bonds, the "***Senior Series 2023 Bonds***"). The Senior Series 2023 Bonds are being issued pursuant to the Master Trust Indenture, dated as of November 1, 2005, as amended (the "***Master Senior Indenture***"), by and between the Airport Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as trustee (the "***Senior Trustee***"), and the Fifth Supplemental Trust Indenture, dated as of [•] 1, 2023 (the "***Fifth Supplemental Senior Indenture***," and collectively with the Master Senior Indenture and all supplements thereto, the "***Senior Indenture***"), by and between the Airport Authority and the Senior Trustee. Additionally, the Senior Series 2023 Bonds have been authorized by Resolution No. 2023-[•] adopted by the board of directors of the Airport Authority on [September 7], 2023 (the "***Resolution***"). The Senior Series 2023 Bonds are being issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the "***Act***"), and in accordance with Revenue Bond Law of 1941 Chapter 6 (commencing with §54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with §54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and the limitations set forth in California Government Code §54402(b), which shall not apply to the issuance and sale of bonds pursuant to the Act.

In consideration of the purchase of the Senior Series 2023 Bonds by the Participating Underwriter (as defined below), the Airport Authority covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Airport Authority for the benefit of the Holders and Beneficial Owners of the Senior Series 2023 Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Senior Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the Airport Authority pursuant to, and as described in, Sections 3 and 4 hereof.

"*Beneficial Owner*" means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Senior Series 2023 Bonds (including persons holding Senior Series 2023 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Senior Series 2023 Bonds for federal income tax purposes.

"*Dissemination Agent*" means the Airport Authority, or any successor Dissemination Agent designated in writing by the Airport Authority and which has filed with the Airport Authority a written acceptance of such designation.

"*EMMA System*" means the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"*Financial Obligation*" shall mean, for purposes of the Listed Events set forth in Sections 5(a)(10) and (5)(b)(8) hereof, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"*Holders*" means either the registered owners of the Senior Series 2023 Bonds, or if the Senior Series 2023 Bonds are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

"*Listed Events*" means any of the events listed in Sections 5(a) and 5(b) hereof.

"*MSRB*" means the Municipal Securities Rulemaking Board, or any successor thereto.

"*Obligated Person*" means the Airport Authority and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Revenues of the Airport System for the prior two Fiscal Years of the Airport Authority. At the time of issuance of the Senior Series 2023 Bonds, the Airport Authority is the only Obligated Person.

"*Official Statement*" means the Official Statement, dated _____________, 2023, prepared and distributed in connection with the initial sale of the Senior Series 2023 Bonds.

"*Participating Underwriter*" means any of the original underwriters of the Senior Series 2023 Bonds required to comply with the Rule in connection with the offering of the Senior Series 2023 Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State*" means the State of California.

Section 3. Provision of Annual Reports.

(a) The Airport Authority shall provide, or shall cause the Dissemination Agent to provide, to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 4 hereof by not later than 181 days after the end of the Airport Authority's fiscal year in each fiscal year. The Airport Authority's first Annual Report shall be due [December [•], 2023]. Not later than 15 Business Days prior to said date, the Airport Authority shall provide the Annual Report to the Dissemination Agent (if other than the Airport Authority). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 hereof. The audited financial statements of the Airport Authority may be submitted separately from the balance of the Annual Report if they are not available by the date of submission, provided such financial statements are submitted within 210 days after the end of the Airport Authority's fiscal year. If the Airport Authority's fiscal year changes, the Airport Authority, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent (if other than the Airport Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Airport Authority to determine if the Airport Authority is in compliance with subsection (a).

(c) If the Airport Authority is unable to provide to the MSRB or the Dissemination Agent (if other than the Airport Authority), an Annual Report by the date required in subsection (a), the Airport Authority shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent (if other than the Airport Authority) shall confirm in writing to the Airport Authority that the Annual Report has been filed as required hereunder, stating the date filed.

Section 4. Content of Annual Reports.

(a) The Airport Authority's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Senior Series 2023 Bonds, unless otherwise noted):

(i) Audited financial statements of the Airport Authority, updated to incorporate information for the most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Airport Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Airport Authority, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(ii) Outstanding principal amounts of the Senior Bonds (including the Senior Series 2023 Bonds) and the Subordinate Obligations (including the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020 Bonds, the Senior Series 2021 Bonds and the Subordinate Revolving Obligations);

(iii) Table 6 — San Diego County Regional Airport Authority, Future Rental Commitments;

(iv) Table 7 — San Diego International Airport, Air Carriers Serving San Diego International Airport;

(v) Table 8 — San Diego International Airport, Total Enplanements and Deplanements;

(vi) Table 9 — San Diego International Airport, Revenue Operations;

(vii) Table 10 — San Diego International Airport, Historical Enplaned and Deplaned Freight and U.S. Mail Cargo;

(viii) Table 11 — San Diego International Airport, Enplanements by Air Carriers;

(ix) Table 12 — San Diego International Airport, Total Revenue Landed Weight;

(x) Table 15 — San Diego County Regional Airport Authority, Investments;

(xi) Table 16 — San Diego County Regional Airport Authority, Statements of Revenues, Expenses and Change in Net Position;

(xii) Table 17 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Providers;

(xiii) Table 18 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Sources;

(xiv) Table 19 — San Diego County Regional Airport Authority, Historical Senior and Subordinate Debt Service Coverage;

(xv) Table 20 — San Diego International Airport, Airline Derived Revenue Per Passenger;

(xvi) Table 22 — San Diego County Regional Airport Authority, Approved PFC Applications; and

(xvii) Table 23 — San Diego County Regional Airport Authority, Annual Receipt of PFCs.

(b) All or any portion of the information of the Annual Report may be incorporated in the Annual Report by cross reference to any other documents which have been filed with the MSRB.

(c) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information (as contemplated by Section 8 hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Airport Authority or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Airport Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The Airport Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Senior Series 2023 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions with respect to the tax status of the Senior Series 2023 Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Senior Series 2023A Bonds and/or the Senior Series 2023B Bonds;

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the Obligated Person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Department, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(b) The Airport Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Senior Series 2023 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Senior Series 2023 Bonds or other material events affecting the tax status of the Senior Series 2023 Bonds;

2. Modifications to rights of the Beneficial Owners or Holders of the Senior Series 2023 Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Senior Series 2023 Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

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

(c) The Airport Authority shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Airport Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Airport Authority shall determine if such event would be material under applicable federal securities laws.

(e) If the Airport Authority learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Airport Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in (b)(3) need not be given under this subsection any earlier than the notice of such event is given to Beneficial Owners and Holders of the affected Senior Series 2023 Bonds pursuant to the Senior Indenture.

(f) The Airport Authority intends to comply with the Listed Events described in Sections 5(a)(10) and 5(b)(8) hereof, and the definition of "Financial Obligation" in Section 2 hereof, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the SEC in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the SEC or its staff with respect the amendments to the Rule effected by the 2018 Release.

Section 6. Termination of Reporting Obligation. The Airport Authority's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Senior Series 2023 Bonds, or upon delivery to the Dissemination Agent (if other than the Airport Authority) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Senior Series 2023 Bonds, the Airport Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. From time to time, the Airport Authority may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Airport Authority) shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out of pocket expenses (including, but not limited to, attorneys' fees). The Dissemination Agent (if other than the Airport Authority) shall not be responsible in any manner for the content of any notice or report prepared by the Airport Authority pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the Airport Authority may amend this Certificate, and any provision of this Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an Obligated Person with respect to the Senior Series 2023 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Senior Series 2023 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Senior Series 2023 Bonds in the same manner as provided in the Senior Indenture for amendments to the Senior Indenture with the consent of Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners of the Senior Series 2023 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Airport Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Airport Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Airport Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Airport Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Airport Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Airport Authority to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Senior Series 2023 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Airport Authority or the Dissemination Agent (if other than the Airport Authority), as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Senior Indenture and the sole remedy under this Certificate in the event of any failure of the Airport Authority or the Dissemination Agent (if other than the Airport Authority) to comply with this Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Airport Authority) shall have only such duties as are expressly and specifically set forth in this Certificate, and the Airport Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any claims, losses, expenses and liabilities which such Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties given to the Dissemination Agent hereunder, including the costs and expenses (including attorneys' fees) of defending, in any manner or forum, against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, subject to the Senior Indenture. The obligations of the Airport Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Senior Series 2023 Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Airport Authority, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Senior Series 2023 Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Certificate this [•] day of [•], 2023.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ______________________________

Scott M. Brickner
Vice President, Chief Financial Officer

Approved as to form:

By ______________________________

Amy Gonzalez
General Counsel

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Diego County Regional Airport Authority

Name of Bond Issue: Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT)

Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT)

Date of Issuance: [•], 2023

CUSIP: 79739G___

NOTICE IS HEREBY GIVEN that the San Diego County Regional Airport Authority (the "Airport Authority") has not provided an Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated [•], 2023, executed by the Airport Authority for the benefit of the holders and beneficial owners of the above referenced bonds. The Airport Authority anticipates that the Annual Report will be filed by _________, 20__.

Dated:___________________________

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By _______________________________________
Authorized Representative

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APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption "—General" below has been provided by DTC. The Airport Authority makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Senior Series 2023 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE AIRPORT AUTHORITY NOR THE SENIOR TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SENIOR SERIES 2023 BONDS UNDER THE SENIOR INDENTURE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SENIOR SERIES 2023 BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE TO THE OWNERS OF THE SENIOR SERIES 2023 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SENIOR SERIES 2023 BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Senior Series 2023 Bonds. The Senior Series 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Senior Series 2023 Bond certificate will be issued for each maturity of the Senior Series 2023 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct

Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Senior Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Senior Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Senior Series 2023 Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Senior Series 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Senior Series 2023 Bonds, except in the event that use of the book-entry system for the Senior Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Senior Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Senior Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Senior Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Senior Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Senior Series 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Senior Series 2023 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Series 2023 Bond documents. For example, Beneficial Owners of Senior Series 2023 Bonds may wish to ascertain that the nominee holding the Senior Series 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Senior Series 2023 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Senior Series 2023 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Senior Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Airport Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Senior Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Senior Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Airport Authority, the Senior Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Senior Trustee or the Airport Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Airport Authority or the Senior Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Senior Series 2023 Bonds at any time by giving reasonable notice to the Airport Authority or the Senior Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Senior Series 2023 Bonds are required to be printed and delivered.

The Airport Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Senior Series 2023 Bonds will be printed and delivered to DTC.

The information in this Appendix G concerning DTC and DTC's book-entry system has been obtained from sources that the Airport Authority believes to be reliable, but neither the Airport Authority nor the Underwriters take any responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SENIOR SERIES 2023 BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

Schedule D

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

FINANCIAL FEASIBILITY REPORT

Draft – August 18, 2023

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SECTION 1 | INTRODUCTION AND CAPITAL PROGRAM

This Financial Feasibility Report (the Report) evaluates the financial feasibility of the issuance of the San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023A (the Senior Series 2023A Bonds), the San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023B (the Senior Series 2023B Bonds, and together with the Senior Series 2023A Bonds, the "Senior Series 2023 Bonds"). The Senior Series 2023 Bonds are being issued to (1) pay and/or reimburse the San Diego County Regional Airport Authority (the Airport Authority) for certain capital improvements at the San Diego International Airport (SAN or the Airport) associated with the New T1 program (as described in Section 1.3.1 below); (2) refund the Refunded Subordinate Revolving Obligations (as defined herein); (3) purchase, in the sole discretion of the Airport Authority, all or a portion of the Airport Authority's Subordinate Airport Revenue Refunding Bonds, Series 2021C (the Subordinate Series 2021C Bonds), that may be tendered by the holders thereof in response to a formal tender solicitation; (4) fund a portion of the interest accruing on the Senior Series 2023 Bonds; (5) make a deposit to the Senior Debt Service Reserve Fund (as defined herein); and (6) pay the costs of issuance of the Senior Series 2023 Bonds.

The Report is organized into the following sections:

- Section 1 describes the Airport Authority, the Airport, the Capital Program, and the funding plan for the Capital Program.
- Section 2 defines the Airport's air service area and discusses relevant demographic and economic trends.
- Section 3 analyzes the historical aviation activity at the Airport and presents forecasts.
- Section 4 reviews the Airline Operating and Lease Agreement (AOLA), which became effective on July 1, 2019, and the airline rates and charges methodology contained therein.
- Section 5 reviews the framework for the financial operations of the Airport Authority. This section also reviews the recent historical financial performance of the Airport Authority. It examines the ability of the Airport Authority to generate sufficient Net Revenues and Subordinate Net Revenues (as defined herein) in each year of the forecast period to meet the obligations of the Master Senior Indenture and the Master Subordinate Indenture (as defined herein).

1.1 | The San Diego County Regional Airport Authority

The San Diego County Regional Airport Authority Act, codified in California Public Utilities Code Section 170000 et seq. (the Act), established the Airport Authority, a local governmental entity of the regional government with jurisdiction throughout the County of San Diego (the County). The Airport Authority was created as an independent agency to manage the day-to-day operations of the Airport and to address the region's long-term air transportation needs. Effective January 1, 2003, the operations and assets of the Airport were transferred from the San Diego Unified Port District (the Port District) to the Airport Authority. The legislation that created the Airport

Authority mandates the following three main responsibilities for the Airport Authority: (1) operate the Airport; (2) plan for the future air transportation needs of the region; and (3) serve as the region's Airport Land Use Commission, and thereby ensure the adoption of land use plans that protect public health and safety surrounding all 16 of the County's airports.

The Airport Authority is governed by a nine-member board of directors (the Board) representing all areas of the County, and three additional members serving as non-voting, ex-officio board members. Board members serve three-year terms and may be reappointed. The Act specifies the appointment of the members of the Board as follows: the Mayor of the City of San Diego appoints three members (two of which are subject to confirmation by the City Council); the Chair of the County of San Diego Board of Supervisors appoints two members (subject to confirmation by the Board of Supervisors); the mayors of the east county cities (El Cajon, Lemon Grove, La Mesa, and Santee) appoint one member; the mayors of the north county coastal cities (Carlsbad, Del Mar, Encinitas, Oceanside, and Solana Beach) appoint one member; the mayors of the north county inland cities (Poway, Escondido, Vista, and San Marcos) appoint one member; and the mayors of the south county cities (Coronado, Imperial Beach, Chula Vista, and National City) appoint one member. The individuals who are appointed by the Governor of the State of California to occupy the offices of the District Director of the State Department of Transportation for the San Diego region and the State Department of Finance representative for the State Lands Commission are ex-officio non-voting members of the Board. One additional non-voting ex-officio member of the Board is chosen by the United States Navy and the United States Marine Corps.

The Airport Authority holds public meetings of the full Board once a month and periodic meetings of several standing committees. The standing committees, which were formed to better address key policy areas and develop items for consideration by the full Board, include the following: Executive Committee; Executive Personnel and Compensation Committee; Finance Committee; Audit Committee; and Capital Improvement Program Oversight Committee.

Kimberly Becker was appointed Airport Authority President and CEO/Executive Director (President/CEO) effective May 1, 2017. Ms. Becker has overall responsibility for the management, administration, and planning of the Airport Authority. Ms. Becker has an experienced staff to aid her in carrying out the responsibilities of the position, including the vice presidents who head the various Airport Authority divisions. The President/CEO, Chief Auditor, and General Counsel are appointed by the Board.

1.2 | San Diego International Airport

The Airport serves the San Diego-Carlsbad, California, Metropolitan Statistical Area (San Diego MSA), which consists of San Diego County. Covering 661 acres, the Airport is located three miles northwest of downtown San Diego, adjacent to U.S. Interstate 5 and the San Diego Bay.

The Federal Aviation Administration (FAA) classifies SAN as a large-hub airport, a category that includes airports with 1 percent or more of U.S. annual domestic enplanements. During the Airport Authority's Fiscal Year ended June 30, 2023 (FY2023), SAN served approximately 11.9 million enplaned passengers. Air traffic at airports across the U.S., including SAN, was significantly affected after the U.S. government declared the Coronavirus Disease 2019 (COVID-19) a national emergency on March 13, 2020. The number of enplaned passengers at SAN decreased from approximately 12.4 million in FY2019 to 9.2 million in FY2020, as a result of the significant decrease in air traffic during the last four months of the Fiscal Year (March, April, May, and June 2020). SAN's enplanements further decreased to approximately 4.9 million in FY2021, the first full Fiscal Year after the U.S. declaration of a national emergency, before increasing to approximately 10.0 million in FY2022 and 11.9 million in FY2023. More details regarding recent trends in economic conditions and air traffic activity at SAN are provided in Sections 2 and 3 of this Report.

The operations and improvements at SAN are funded by airport user charges, concession fees, rents, Passenger Facility Charges (PFCs), bond funds, rental car Customer Facility Charges (CFCs), and funds received from the FAA and the Transportation Security Administration (TSA). No general tax fund revenues are used to operate or maintain the Airport.

1.2.1 | Airfield

SAN is the busiest single-runway commercial airport in the nation, based on passenger levels. The Airport was originally dedicated as the "San Diego Municipal Airport – Lindbergh Field" on August 16, 1928. It became the first federally certified airfield to serve all aircraft types, including seaplanes, in 1934. The Airport's infrastructure was improved after the U.S. Army Air Corps took over the Airport in 1942 to support the military's war efforts during World War II. Improvements included the construction of an 8,750-foot runway, which has since been expanded to 9,401 feet. In addition to the runway, the airfield includes one taxiway on the south side of the runway (Taxiway B) and a series of taxiways on the north side of the runway, including Taxiway C. The airfield also includes ancillary taxiways that provide runway and terminal access, and aprons that provide aircraft parking.

Conditions at SAN make the expansion of the existing runway or the addition of a second runway difficult. Obstacles to runway expansion include significant geographic obstructions, including high terrain to the northeast and southwest of the Airport, as well as manmade obstructions, such as office buildings, to the northeast, east, and southeast of the Airport. Other obstacles to runway expansion include major land acquisition requirements, extensive infrastructure impacts, resident opposition, and increased noise impacts. However, airfield capacity is not expected to be a limiting factor within the forecast period of this Report, as discussed in Section 3. According to the Airport's master planning effort, runway congestion is anticipated to occur when annual commercial aircraft operations reach between 262,000 and 292,000. Annual commercial aircraft operations totaled approximately 192,000 in FY2023 and are projected to reach approximately 221,000 in FY2029 under the base air traffic forecast presented in Section 3, which is well below the level indicated for runway congestion. In addition to the restrictions to the physical capacity of the Airport's airfield, there are direct restrictions on operations relating to a curfew imposed on the Airport. See Section 3 for a further discussion of these constraints.

1.2.2 | Passenger Terminals

The Airport has two passenger terminals (Terminal 1 and Terminal 2), which together contain a total of 51 gates (currently 46 gates are operational due to ongoing construction). Terminal 1, which opened in March 1967, contains 19 gates. Terminal 2, which contains 32 gates, consists of Terminal 2 East, with 13 jet gates, and Terminal 2 West, with 19 jet gates. Terminal 2 East opened in July 1979. Terminal 2 West, which originally opened in 1998, was modernized/re-developed in August 2013. The baggage claim for all of Terminal 2 (East and West) is located in Terminal 2 West. Approximately 63 dining and shopping options are available in the passenger terminals.

The Airport Authority's capital program (the Capital Program) includes the construction of a new terminal (the new Terminal 1 building) to replace the existing Terminal 1, along with certain airfield enhancements and roadway and parking improvements, and a new administration building for the Airport Authority. These planned facilities are described in more detail in Section 1.3 below.

1.2.3 | Landside Facilities

Approximately 3,907 public parking spaces, operated by the Airport Authority, are currently available at the Airport, including approximately 3,356 parking spaces located in the Terminal 2 Parking Plaza that opened in 2018 and two adjacent surface lots, 62 spaces in a free cell phone lot located west of Terminal 2 and 489 valet parking services are offered with curb-side drop-off in front of Terminals 1 and 2. Once construction began for the new Terminal 1, the Terminal 1 surface lot (approximately 1,100 parking spots) was permanently closed. Prior to the start of the COVID-19 pandemic, the Airport Authority also operated public parking lots on Pacific Highway and Harbor Drive, consisting of 3,300 spaces. These lots were closed and will not reopen to the public. The Pacific Highway lot is now being used for employee parking and the Harbor Drive parking lot will be used as part of the New T1 airside development.

The Capital Program includes the construction of a new public parking garage adjacent to the new Terminal 1 building, which will replace the closed Terminal Lot 1 and will provide additional parking spaces, as described below. The Capital Program also includes a replacement shuttle hold lot for Rental Car and terminal buses. This will encompass 3.16 acres. on property the Airport Authority partially owns and leases from the Port District located to the east of the Airport. It will include a 3794 sq ft maintenance building and will open in phases beginning in mid-2023 through the beginning of 2024.

Roadway access to the Airport is via two independent entrance roadways for Terminal 1 and Terminal 2, both from North Harbor Drive. The Airport terminal roadway system includes a one-level roadway for Terminal 1 and a two-level roadway for Terminal 2, which separates departing and arriving passengers. The Capital Program includes the construction of a two-level roadway for the new Terminal 1 building, a dedicated on-airport roadway, an area set aside for transit stations, and other Airport roadway improvements, as described below.

1.2.4 | Other Facilities

The north airfield area contains various other facilities, including: an air traffic control tower; an Airport Rescue and Fire Fighting (ARFF) facility; a cargo ramp; a fuel farm; a receiving and distribution center for food, beverage, retail, and other goods; the Airport Authority's Facilities Maintenance and warehouse facilities; a Rental Car Center (RCC) that houses most of the rental car companies in a single building with a 5,400-space parking garage; a Fixed Base Operator (FBO) facility, which includes a terminal, a ramp, and five hangars; and associated roadways, including a roadway linking the Northside with the passenger terminals, for rental car and parking shuttle buses. The Airport Authority's administration offices are currently located in the building on the south of the airfield that previously housed the commuter terminal. As described below, this building will be demolished once the Authority moves to the new Administration offices to make way for the new Terminal 1 building. The new administration offices are being constructed at the far west end of the Airport, as described in more detail later in this Section. In July 2021, the Airport Authority opened new air cargo and airline provisioning facilities at the Airport. This new facility, known as the Airline Support Building (ASB), is located on the south side of the airfield and replaced aging facilities that were demolished to enable the development of the planned new Terminal 1 building.

1.3 | Capital Program Estimated Costs and Funding Plan

The Airport Authority's Capital Program is a rolling five-year program that provides for critical improvements and asset preservation for the Airport Authority. The Capital Program contains two main components: (1) the New T1 program that consists of the replacement of the current Terminal 1 with a larger, more efficient facility, certain airfield enhancements and roadway and parking improvements, and a new administration building for the Airport Authority (see "New T1" in subsection 1.3.1 below), and (2) the Capital Improvement Program (the CIP) that addresses airfield safety and capacity, environmental protection, terminal enhancements, landside infrastructure and access improvements. The New T1 is expected to be designed and constructed through Fiscal Year 2028 and the CIP projects are anticipated to be completed between Fiscal Years 2024 through 2028. The Capital Program was approved by the Board on June 1, 2023, and has a budgeted cost of $3.854 billion, of which approximately $3.464 billion is the budgeted cost of the New T1.

Escalation of construction costs, due to global inflationary pressures, has increased the expected cost of the Capital Program. While the approved Capital Program budget for FY2024-FY2028 includes some adjustment for the CIP to account for this escalation, there has not yet been any adjustment to the New T1 budget. The potential impact to New T1 is explained in the subsection below.

1.3.1 | The New T1

In 2012, the Authority embarked on a new master-planning effort for SAN known as the "New T1" (previously known as the "Airport Development Plan"), to identify the facilities needed to meet the Airport's anticipated passenger demand through 2035. Between Fiscal Years 2015 and 2019, SAN had record-breaking growth with approximately 24.7 million passengers being served in Fiscal Year 2019; the highest number of passengers ever served by SAN. Activity levels at the Airport are estimated to surpass 39 million passengers and 280,000 aircraft operations in 2035, based on the aviation planning forecast completed by the Airport Authority in April 2019 and approved by the FAA in June 2019. The cornerstone of the New T1 is the replacement of Terminal 1, which is over 50 years old, with a more modern, comfortable, and efficient terminal facility. The new terminal will have 30 gates (11 more gates than the existing Terminal 1) and will be able to accommodate both narrow-body and wide-body aircraft. The terminal building layout design was developed to accommodate existing and projected airline fleet mix requirements, including additional Airplane Design Group (ADG) III, IV, and V gates that will support future expansions in the airline fleet mix at SAN. The New T1 will also include three Multi Aircraft Ramping Stands (MARS) gates, each of which will be able to accommodate two aircraft simultaneously, thus improving the management of gate allocations based on peak periods that may involve larger aircraft.

The new Terminal 1 will be served by a dual-level curbside, a new close-in parking structure (approximately 5,200 parking spaces), and new entry and circulation roadways. Phase 1 of the parking structure is anticipated to open in the fall of 2024 and contain approximately 2,800 parking spaces. Phase 2 of the parking structure is anticipated to be completed in the fall of 2025 with approximately 2,400 additional spaces. Upon completion of the New T1, there will be approximately 9,100 public parking spaces, available and operated by the Airport Authority, an increase of approximately 100 new, permanent public parking spaces at the Airport, since the start of the design and construction of the New T1. Other components that are part of the New T1 include a new Airport Authority administration building and multiple airfield improvements, such as a new apron area for the new terminal, a new full length Taxiway A, Relocation of Taxiway B and reconfigured Remain Overnight (RON) aircraft parking positions.

The New T1 consists of three components: (1) Terminal and Roadways (the Terminal and Roadways Component), (2) Airside Improvements (the Airside Component) and (3) Administration Building (the Administration Building Component).

The New T1 is being procured utilizing "design-build" and "design-bid-build" delivery methods. The Terminal and Roadways Component is being undertaken pursuant to a Design-Build Agreement (the Terminal and Roadway Agreement) between the Airport Authority and Turner-Flatiron, A Joint Venture (the Terminal and Roadway Contractor). The Airside Component was designed by Jacobs Engineering Group, Inc. and will be built by Griffith Company (the Airside Contractor). The Administration Building Component will be designed and built by Sundt Construction, Inc. (the Administration Building Contractor)

Construction activities for the New T1 began in November 2021. The first phase of the new T1 (19 gates) is expected to open in late summer 2025, and full completion of the new facility (30 gates) and associated roadway and airfield improvements in early 2028.

The total cost of the New T1 is currently budgeted by the Airport Authority to be approximately $3.464 billion. This amount incorporates $452 million of total contingencies and allowances including an escalation allowance of $105 million. Since the budget was approved by the Board in October 2021, global inflationary pressures have resulted in an increase in construction costs above what was anticipated by the $105 million escalation allowance. The Airport Authority is in the process of negotiating a guaranteed maximum price with the contractor for the Terminal and Roadways Component, and the escalation allowance developed in 2021 will be revised. As of the date of this Report, the Airport Authority is estimating that the New T1 budget may increase up to 11 percent from the original approved budget for the Terminal and Roadways Component. However, the existing program contingencies and allowances may be sufficient to cover some of the expected increase in cost due to inflation. The financial analysis in this Report assumes an increase of approximately 11 percent, above the budget, to approximately $3.834 billion.

Table 1 summarizes the estimated costs of the Capital Program, including the New T1, as discussed above. The capital projects estimated to cost $10 million or more are listed individually, and all projects that are estimated to cost less than $10 million are grouped together in the line labeled "All Other Projects." A map showing the location of the New T1 on Airport property, as well as sample conceptual diagrams of the New T1 are presented in Figures 1 through 7 at the end of Section 1.

1.3.2 | Capital Funding Program Sources

The Airport Authority expects to finance the costs of the Capital Program from various sources including, but not limited to, the proceeds of the Senior Series 2023 Bonds; proceeds of the Subordinate Series 2021A/B Bonds; proceeds of the Subordinate Series 2019 Bonds; assumed future Subordinate Obligations; FAA Airport Improvement Program (AIP) grants and Bipartisan Infrastructure Law (BIL) grants; Passenger Facility Charges (PFCs); Airport Authority funds; monies from the Major Maintenance Fund; and Other Funds (other sources, as described below).

The estimated funding sources of the Capital Program, presented in Table 1, are described below.

The Senior Series 2023 Bonds

The Airport Authority currently estimates that the Senior Series 2023 Bonds will provide approximately [$970.3 million] in project funding for the Capital Program, all of which will be used for a portion of the costs of the New T1.

Prior Bond Proceeds

The Airport Authority plans to apply prior bond proceeds of approximately $1.699 billion to project costs, including $1.572 billion in proceeds from the Series 2021A/B Bonds. The Authority also plans to apply approximately $127.1 million in proceeds from prior bonds, including the Series 2019 Bonds, the Series 2017 Bonds, and the Series 2013 Bonds, to fund the portion of the costs of projects in progress that were incurred prior to FY2023.

Future Bonds

The Airport Authority plans a future bond financing in FY2025 or FY2026 to fund the final phases of the New T1. The funding plan assumes approximately $791.2 million of future bond proceeds. The timing and size of the future bond financings will be determined by the Airport Authority based on continuing evaluations of cash flow needs and market conditions.

FAA AIP Grants and BIL Grants

Approximately $352.3 million in funding from AIP grants, including AIP Letter of Intent (LOI) grants, and BIL grants are anticipated for the Capital Program. AIP entitlement funds are apportioned by formula each year to individual airports or types of airports. AIP discretionary funds are awarded by the FAA based on eligible projects' priority as determined by the FAA through the application of its National Priority System (NPS). The NPS uses a combination of quantitative and qualitative factors to evaluate projects with highest priority given to projects to enhance airport safety and security. Approximately $118.4 million in LOI grant funds have been awarded to the Airport Authority for airfield projects, including the construction of a new Taxiway A, the relocation of Taxiway B, and apron areas associated with the New T1.

Passenger Facility Charges (PFCs)

The Airport Authority has received approval from the FAA to collect and use a PFC on each eligible enplaning passenger at SAN totaling approximately $1.6 billion. The Airport Authority's approved PFC authority reflects 13 applications, plus related amendments. The Final Agency Decision received by the Airport Authority from the FAA for the Airport Authority's most recent PFC application estimates the charge expiration date to be February 1, 2040. The Airport Authority's funding plan includes approximately $0.1 million in PFCs to be applied on a "pay-as-you-go" basis to eligible project costs in the Capital Program. The Airport Authority plans to apply additional PFCs during the forecast period toward the payment of debt service on bonds, as described in Section 5.

Major Maintenance Fund

The current AOLA, which became effective on July 1, 2019, established a Major Maintenance Fund (MMF), the purpose of which is to fund capital projects in the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support Cost Centers and Capital Projects in Indirect Cost Centers to the extent allocable to such cost centers. The AOLA stipulates that each Fiscal Year, the Airport Authority will deposit $40.0 million into the MMF, from the following revenue sources: $15.0 million from the Airfield Area; $15.0 million from the Terminal Area; and $10.0 million from non-airline revenue. However, in order to mitigate the effect of this provision on airline rates and charges during the downturn in air traffic in FY2021, the Airport Authority reduced the FY2020 deposit to the MMF to $30.0 million in FY2020, with $10.0 million charged to the Airfield Area, $10.0 million charged to the Terminal Area, and $10.0 million from non-airline revenue sources. The MMF deposit in FY2021 and FY2022 was $10.0 million each year, all from non-airline sources, with no charges to either the Airfield Area or the Terminal Area. For FY2023 through FY2029, the Airport Authority plans to deposit $50.0 million per year into the MMF, to make up the deposits that were deferred – with $20.0 million charged to each of the Airfield Area and the Terminal Area, and $10.0 million from non-airline revenue sources. The airlines are required to pay these amounts as part of their landing fee and terminal rent obligations under the AOLA. The funding plan includes approximately $66.2 million in funding from the Major Maintenance Fund.

Airport Authority Funds

Airport Authority funds are those moneys generated from Airport operations and available after all of the Airport Authority's financial obligations pursuant to the flow of funds specified in the Master Senior Indenture and the Master Subordinate Indenture are satisfied. The AOLA allows the Airport Authority to include amortization charges in the airline rates and charges to reimburse the Airport Authority for capital project costs paid from Airport Authority funds. The financial analysis in Section 4 incorporates the amortization charges projected to be incorporated into the airline rate base, as projects funded with Airport Authority funds are completed. The Airport Authority plans to apply approximately $340.7 million in Airport Authority funds to the Capital Program.

Other Funding Sources

Other funding sources anticipated for the Capital Program funding plan, which total approximately $3.7 million, are mainly composed of airline direct funding from the fuel consortium, which is an airline consortium that operates the aircraft fueling system at the Airport. Pursuant to an agreement between the Airport Authority and the airline fuel consortium, the consortium agreed to fund fuel-related projects at the Airport. This funding is projected to total approximately $3.5 million. In addition, local grant funding from San Diego Gas & Electric of approximately $0.2 million is anticipated for the electric vehicle supply equipment.

Table 1 | Estimated Capital Program Costs and Funding Plan

Project Name	Total	Series 2023 Bonds	Prior Bonds	Future Bonds	AIP and BIL Grants	PFCs	Major Maintainence Fund	Airport Authority Funds	Other Funding
New T1 Program	$ 3,834,299,621	$ 970,261,671	$ 1,548,590,800	$ 791,238,150	$ 304,209,000	$ -	$ -	$ 220,000,000	$ -
Rental Car Center Buses	36,000,000	-	-	-	7,500,000	-	-	28,500,000	
CIP Support	34,066,573	-	-	-	-	-	-	34,066,573	-
Offsite Intersection/Roadway Segment Improvements	33,600,000	-	33,600,000	-	-	-	-	-	-
Expand/Remodel T2E- Program Level Scope Definition/Design	30,000,000	-	-	-	25,000,000	-	5,000,000	-	
Solid & Liquid Waste Facilities	26,100,540	-	13,050,270	-	-	-	-	13,050,270	-
Replace Baggage Handling System & Makeup Units In T2E	22,920,000	-	-	-	-	-	22,920,000	-	-
Northside Apron Improvements	15,200,000	-	15,038,783	-	-	-	161,217	-	-
Security Network Redesign	13,037,668	-	13,037,668	-	-	-	-	-	-
Rehabilitate ARFF Station (Proposed)	11,270,000	-	-	-	7,500,000	-	3,770,000	-	-
FY23 Capital Improvement Project Allowance	10,000,000	-	-	-	-	-	-	10,000,000	-
Subtotal- Projects over $10 Million Dollars	$ 4,066,494,402	$ 970,261,671	$ 1,623,317,521	$ 791,238,150	$ 344,209,000	$ -	$ 31,851,217	$ 305,616,843	$ -
All other Projects	157,053,147	-	75,773,434	-	8,110,044	106,960	34,357,401	35,048,188	3,657,120
Total- All Pojects	$ 4,223,547,549	$ 970,261,671	$ 1,699,090,955	$ 791,238,150	$ 352,319,044	$ 106,960	$ 66,208,618	$ 340,665,031	$ 3,657,120

Source: The San Diego County Regional Airport Authority.

Figure 1 | Map of New T1 on Airport Property

Terminal Roadways
Airside Improvements
Administration Building
Future Transit Station

Figure 2 | New T1 Sitework

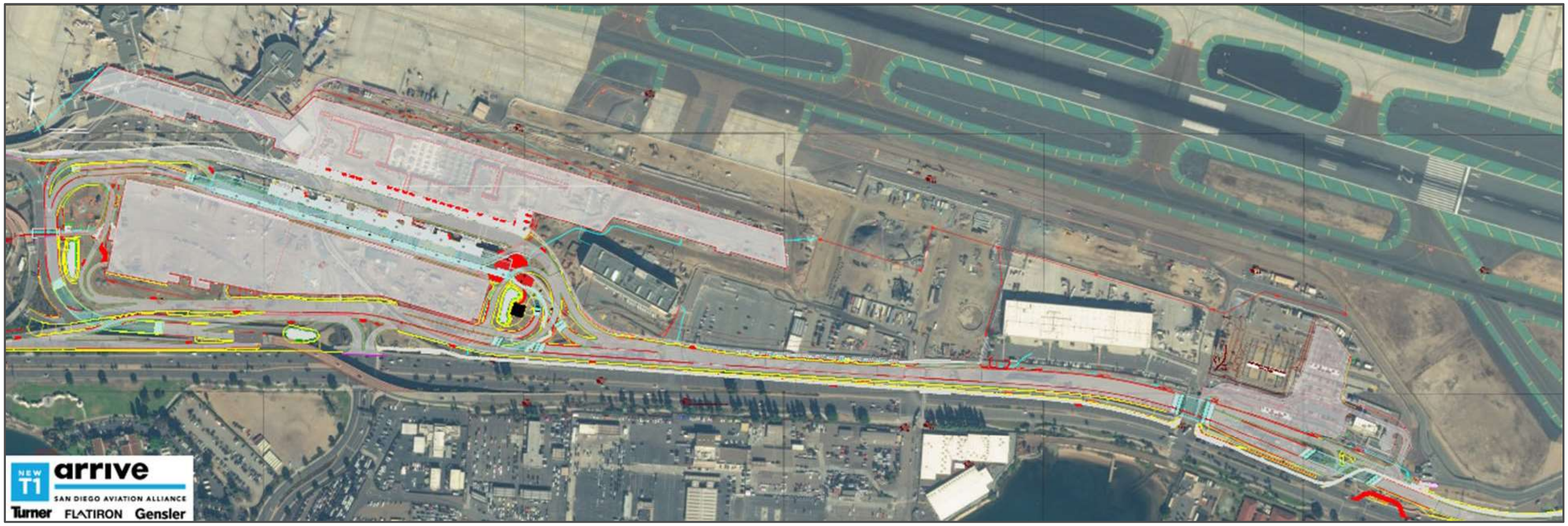


Figure 3 | New T1

Figure 4 | Arrivals Road at T1

Figure 5 | New T1 Ticket Lobby

Figure 6 | New T1 Baggage Claim Lobby

Figure 7 | New Administration Building

SECTION 2 | REGIONAL AND MACROECONOMIC ENVIRONMENT

Demographic and economic conditions influence the demand for air travel, especially at airports like SAN, which primarily serves origin and destination (O&D) passengers that either begin or end their flight itineraries at the Airport. Healthy demographic and economic conditions promote increased business and leisure air travel. In addition, macroeconomic trends drive demand for air travel and affect state and regional economies. At the regional level, demographic and economic factors determine residents' propensity for outbound travel and the region's attractiveness for inbound visitors. This section explores the demographic and economic trends in SAN's service area, California, and the United States. It also evaluates the economic outlook for both the region and the nation.

2.1 | COVID-19 Pandemic

Over the past three years, the world grappled with the pandemic, which caused significant disruptions to daily life and global economic activities. Measures such as stay-at-home orders, travel restrictions, and social distancing helped mitigate the spread of the virus but also exacerbated the adverse economic effects of the pandemic. However, recent economic trends demonstrate remarkable resilience. The data presented in this section underscores the magnitude of the pandemic's impact while also highlighting the ability of the economy to withstand and recover from adverse shocks.

On May 5, 2023, the World Health Organization (WHO) declared an end to the global public health emergency, signifying a turning point. Figure 8 shows the reported COVID-19 cases from the WHO's announcement of a global pandemic on March 11, 2020, to the end of the public health emergency declaration in the United States on May 11, 2023. After peaking in January 2022, infections have declined sharply and now remain at very low levels.

Figure 8 | COVID-19 in the Rearview: Archive of U.S Reported Cases, March 2020–May 2023

Sources: Centers for Disease Control and Prevention and Unison Consulting, Inc.

Vaccine distribution helped slow virus transmission and alleviated symptoms. As of May 2023, about 230.6 million people in the United States are fully vaccinated (69.5 percent of the population), and 56.4 million have received an updated bivalent booster dose. California has a higher vaccination rate: 29.6 million are vaccinated (74.9 percent of state residents), and about 8.1 million have received an updated bivalent booster dose. The high vaccination rate reflects significant progress in safeguarding public health and restoring economic normalcy.

2.2 | Airport Service Area

The Airport's primary air service area is the San Diego Metropolitan Statistical Area (San Diego MSA), which coincides with San Diego County. SAN is adjacent to the city's central business district, less than two miles from downtown San Diego. While San Diego County is large in area, most of the population lives in the western quarter, in a north-south band from the Mexican border in the south to Camp Pendleton in the north.

SAN operates in relative isolation as the only major commercial service airport in San Diego County (Figure 9). However, passengers have several options in southern California and northern Mexico (Figure 9 and Table 2). The closest is Mexico's Tijuana International Airport (TIJ), which is at least a 30-minute drive from SAN through the Cross Border Express and serves the Mexican domestic market. Within a 2.5-hour drive of SAN are six Southern California hub airports:

- Large hub Los Angeles International Airport (LAX).
- Medium hubs John Wayne Airport (SNA), Hollywood-Burbank Airport (BUR), and Ontario International Airport (ONT).
- Small hubs Long Beach Airport (LGB) and Palm Springs International Airport (PSP).

Two nonhub airports, San Bernardino International Airport (SBD) and Imperial County Airport (IPL), are also within a 2.5-hour drive, and they provide minimal passenger air service.[1]

Typically, passengers opt for a more distant airport if it offers significantly better air service or lower fares, and only LAX competes among the six other Southern California hub airports. However, the long drive and traffic congestion on Southern California freeways can discourage San Diego residents' and visitors' use of LAX and the other alternative airports.

In CY2022, SAN remained about 12 percent below CY2019 enplanement levels—only LAX remained further behind pre-pandemic enplanement levels among Southern California hub airports.

[1] See Table 2 for FAA commercial service airport hub classifications. SBD is served only by Breeze Airways. IPL is currently served by Southern Airways Express with multiple daily direct round-trip flights to LAX and Phoenix Sky Harbor International Airport (PHX) using 9-seat Cessna Grand Caravan aircraft.

Figure 9 | SAN Air Service Area

Sources: Esri, FAA, and Unison Consulting Inc.

Table 2 | Selected Commercial Service Airports in Southern California and Northern Mexico

Airport Information			Distance from SAN		Enplanements (1000s)			
Name	State	Code	Miles	Time	CY2022	CY2019	CY2022 vs. CY2019	2022 FAA Hub Class
San Diego	CA	SAN	0	0h 00m	11,162.2	12,648.7	-11.8%	Large
Tijuana*	MEX	TIJ	23	0h 30m	6,162.3	4,462.7	38.1%	--
Orange County	CA	SNA	87	1h 20m	5,536.3	5,153.3	7.4%	Medium
Long Beach	CA	LGB	105	1h 30m	1,601.0	1,752.3	-8.6%	Small
San Bernardino	CA	SBD	112	1h 50m	10.1	0.0	--	Nonhub
Ontario	CA	ONT	115	1h 50m	2,840.8	2,723.0	4.3%	Medium
Imperial County	CA	IPL	120	2h 00m	9.2	3.4	--	Nonhub
Los Angeles	CA	LAX	126	2h 00m	32,326.6	42,939.1	-24.7%	Large
Palm Springs	CA	PSP	132	2h 20m	1,500.0	1,309.2	14.6%	Small
Hollywood Burbank	CA	BUR	134	2h 00m	3,054.7	2,988.7	2.2%	Medium

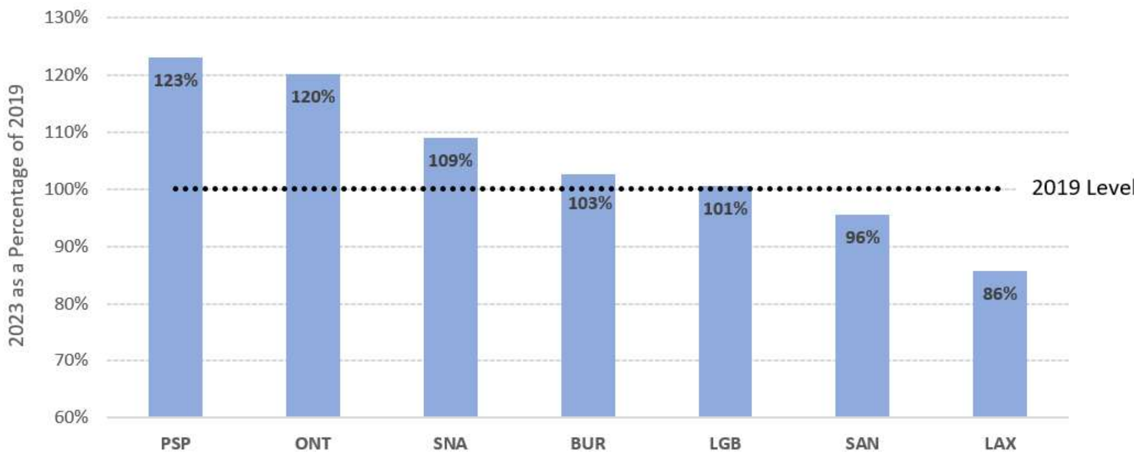
Sources: FAA, Google Maps, and Unison Consulting, Inc.
Distances are approximate, and drive times vary by day, time of day, and traffic. Actual drive times can be significantly longer during peak traffic. The driving distance and time to TIJ is to the Cross Border Express.
The FAA defines commercial service airports as publicly owned airports with at least 2,500 annual enplanements and classifies them as follows:

- Large hubs serve more than 1 percent of U.S. enplanements.
- Medium hubs serve 0.25-1.0 percent of U.S. enplanements.
- Small hubs serve 0.05-0.25.
- Nonhub airports serve less than 0.5 percent of U.S. enplanements and at least 2,500 enplanements annually. Nonhub primary airports have at least 10,000 annual enplanements, and nonhub nonprimary airports have less than 10,000 and at least 2,500 annual enplanements.

TIJ enplanements are estimated as 50 percent of total passengers.

Passenger trends continued to improve at SAN through the first half of 2023 (Figure 10). Based on a comparison of TSA throughput, a close proxy for O&D enplanements, for January 1-July 15, 2023 with the same period in 2019, SAN was at 96 percent of its 2019 level. While SAN is behind the recovery of the other smaller airports in the region (PSP, ONT, SNA and BUR), each of which has 2023 throughput above 2019 levels, it is outpacing LAX and continues to approach 2019 passenger activity.

Figure 10 | TSA Throughput, January-July 15, 2023, vs. Same Period, 2019



Sources: U.S. Transportation Security Administration and Unison Consulting, Inc.

2.3 | Demographic Attributes

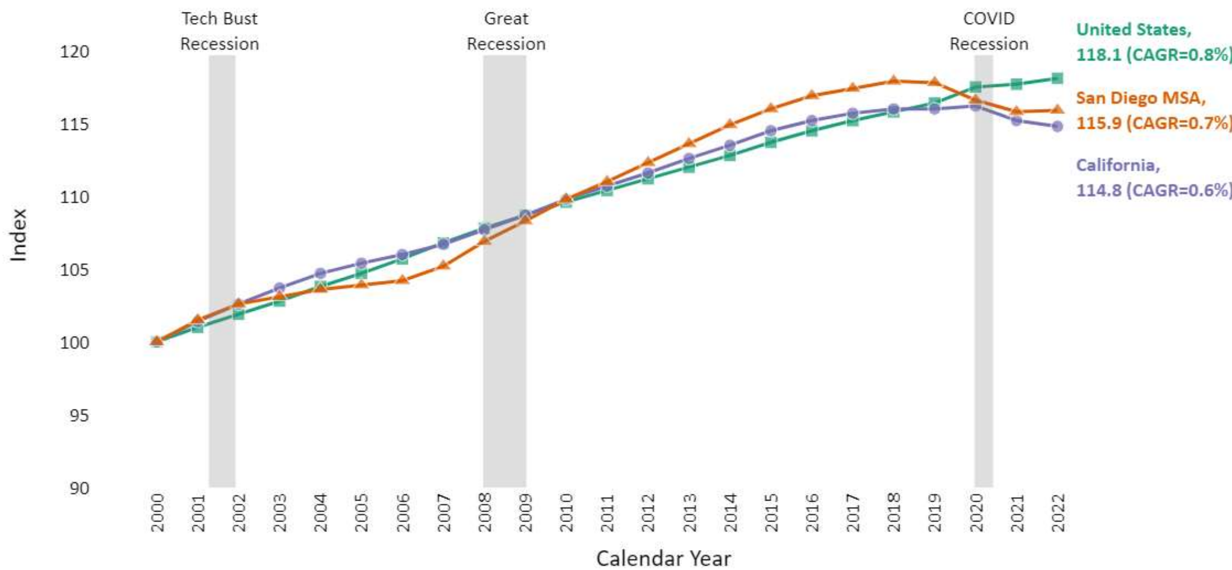
Demographics shape and drive regional economies in fundamental ways. For example, population size, growth trends, age distribution, foreign-born population, and educational attainment determine the labor force's size, quality, and productivity. Moreover, along with income characteristics, demographic attributes determine consumption patterns and demand levels for goods and services, including air transportation. Hence, demographic trends can impact economic growth through effects on both the supply side (the labor force) and the demand side (consumer spending).

2.3.1 | Population

In 2022, the population of the San Diego MSA was about 3.3 million, similar in size to Tampa, FL, and Minneapolis, MN. Since 2000, the population of the MSA has grown by a total of 16 percent or a compound annual growth rate (CAGR) of 0.7 percent (Figure 11). While this growth was slightly faster than California's 15 percent growth (0.6 percent CAGR), it was slower than the nation's 18 percent growth (0.8 percent CAGR). The San Diego MSA experienced robust population growth between 2006 and 2018, but the population declined from 2018 to 2022 by about 56,000 residents (-1.7 percent), comparable to California's 1 percent population loss. Over the next two decades, the population of the San Diego MSA is forecast to remain relatively stable.[2]

[2] Source: State of California Department of Finance.

Figure 11 | Population Index (2000=100), 2000-2022



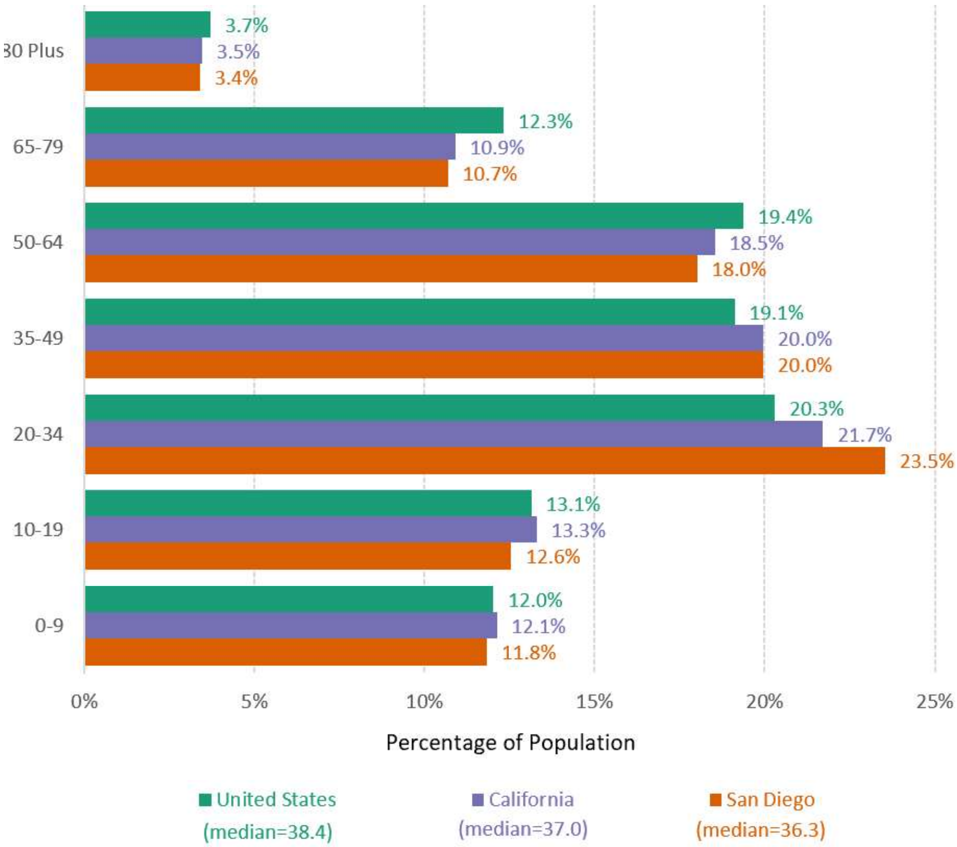
Sources: U.S. Census Bureau and Unison Consulting, Inc.
Gray areas are economic recession periods.

2.3.2 | Population Age Structure

A region's population distribution by age has essential economic and social implications (Figure 12). A large working-age population is essential for maintaining a vibrant local economy and a high standard of living. In 2021, approximately 62 percent of the population of the San Diego MSA was in the primary working age cohort of 20 to 64 years of age, higher than that of the nation (59 percent) and California (60 percent).

With a relatively higher percentage of residents in the 20-34 age cohort, the San Diego MSA has a slightly lower median age of 36.3 years compared to California's 37.0 years and the nation's 38.4 years. However, the MSA population is aging along with the state and national populations. From 2010 to 2021, the median age increased by 1.8 years in the San Diego MSA, compared to 2.1 years in California and 1.5 years in the United States. The working-age population from 20 to 64 years decreased from 63 percent to 62 percent. Although these changes are small, they indicate population aging, which could slow economic growth. For the economy to grow, the working-age population needs to grow. However, productivity improvements can mitigate the economic effects of an aging population through upskilling the labor force, education, and technological advancements.

Figure 12 | Population Age Structure, 2021



Sources: U.S. Census Bureau 2021 American Community Aurvey and Unison Consulting, Inc.

2.3.3 | Foreign-Born Population

Amid an aging population and declining national birth rates, attracting in-migration offers another way to increase the population, expand the labor force, and support economic growth. Immigrants add to a region's labor supply, contribute to increasing productivity, and expand the regional market for goods and services.[3, 4] Immigrants also generate demand for air service—for their travel to visit family and friends in their region of origin, and from their family and friends coming to visit the United States.

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[3] G.J. Borjas, "Immigration and Economic Growth," National Bureau of Economic Research *Working Paper Series*, Working Paper 25836, May 2019, https://www.nber.org/system/files/working_papers/w25836/w25836.pdf.

[4] P. Orrenius and C. Smith, "Without Immigration, U.S. Economy Will Struggle to Grow," *Dallas Fed Economics*, Federal Reserve Bank of Dallas, April 9, 2020, https://www.dallasfed.org/research/economics/2020/ 0409.

While net migration to the United States fell sharply between 2016 and 2021, the San Diego MSA has a relatively large and stable foreign-born population (Table 3).[5] In 2021, approximately 23 percent of San Diego MSA residents were born outside the United States. This is lower than California's share (27 percent) but much higher than the national share (14 percent). Among the foreign-born population groups in the San Diego MSA, the largest came from Latin America (49 percent), followed by Asia (39 percent) and Europe (8 percent). This distribution by region of foreign origin in the San Diego MSA is similar to the national and state distributions. The percentage of foreign-born San Diego MSA residents has remained nearly the same since 2010.

Table 3 | Foreign-Born Population, 2021

	Foreign Born	Percentage by Region of Origin					
Region	Total	Europe	Asia	Africa	Oceania	Latin America	Northern America
United States	13.6%	10.8%	31.2%	5.5%	0.6%	50.0%	1.8%
California	26.5%	6.5%	40.0%	2.0%	0.8%	49.5%	1.2%
San Diego MSA	22.7%	8.0%	38.8%	2.5%	0.6%	48.5%	1.6%

Sources: U.S. Census Bureau 2021 American Community Survey and Unison Consulting, Inc.

2.3.4 | Educational Attainment

Education promotes economic growth in several ways. First, education increases the value of human capital and labor productivity. Second, it promotes innovation and the adoption of new technologies. Third, it provides flexibility to adapt to changing work environments and skill requirements.[6, 7]

Advancements in information and communication technologies have amplified the role of workers' skills in generating economic growth.[8] Cities and regions that have been able to attract and retain educated and skilled workers have thrived, while cities failing to do so have lagged.[9] The value of education is evident in the disparities in average wages and unemployment rates by educational attainment. Workers who have not completed high school earn an average of only 48 percent of the

[5] U.S. Census Bureau. "Net Migration Between the United States and Abroad in 2022 Reaches Highest Level Since 2017," https://www.census.gov/library/stories/2022/12/net-international-migration-returns-to-pre-pandemic-levels.html, December 22, 2022.

[6] E. Hanushek and L. Woessman, "Education and Economic Growth," International Encyclopedia of Education (Oxford: Elsevier, 2010), Vol. 2, pp. 245-252.

[7] D. Claude and L. Charlotte, "Human Capital and Economic Growth," *Encyclopedia of International Higher Education Systems and Institutions* (Dordrecht: Springer, 2019).

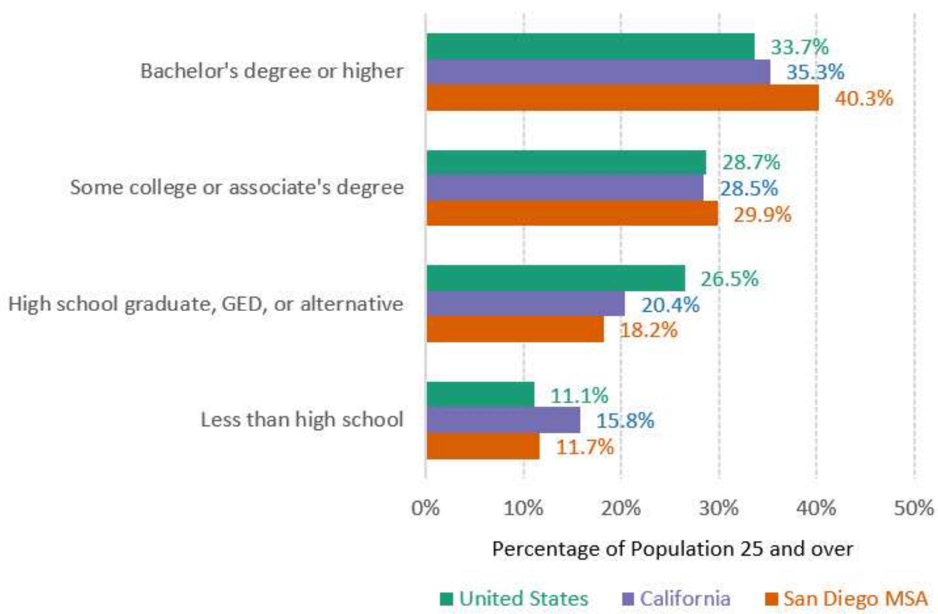
[8] Enrico Moretti, *The New Geography of Jobs* (Boston: Houghton Mifflin Harcourt, 2012).

[9] Edward Glaeser, *Triumph of the City* (New York: Penguin Books, 2012).

wages earned by college graduates. They also have average unemployment rates that are three times higher.[10,11]

Educational attainment levels in the San Diego MSA are much higher than state and national levels (Figure 13). More than 70 percent of the population aged 25 and over in the San Diego MSA have at least some college or an associate degree, or a bachelor's degree or higher. This compares with 64 percent in California and 62 percent nationally. Over time, the percentage of the population 25 and over with a high school degree or less is falling, and those with at least some college is rising. Continued improvements in educational attainment and the upskilling of the local workforce are critical for maintaining and enhancing regional economic competitiveness in the San Diego MSA.

Figure 13 | Educational Attainment, 2021



Sources: U.S. Census Bureau 2021 American Community Survey and Unison Consulting, Inc.

[10] U.S. Bureau of Labor Statistics, "Education pays, 2022," May 2023, https://www.bls.gov/careeroutlook/2023/data-on-display/education-pays.htm.

[11] U.S. Bureau of Labor Statistics, "Unemployment Rates for Persons 25 years and older by Educational Attainment, Seasonally Adjusted."

2.3.5 | Income

Demand for air travel increases with income. Studies suggest that income elasticities for air travel demand are typically greater than one, indicating that air travel increases more than income does, all other factors being equal.[12]

Household incomes in the San Diego MSA are higher than in the rest of California and the nation (Figure 14). The median household income in the San Diego MSA is $88,240, about 28 percent higher than the national average ($69,061) and 5 percent above the California average ($84,097). In addition, the San Diego MSA has a higher percentage of households earning at least $100,000 compared with the state of California and a lower percentage of households earning less than $50,000.

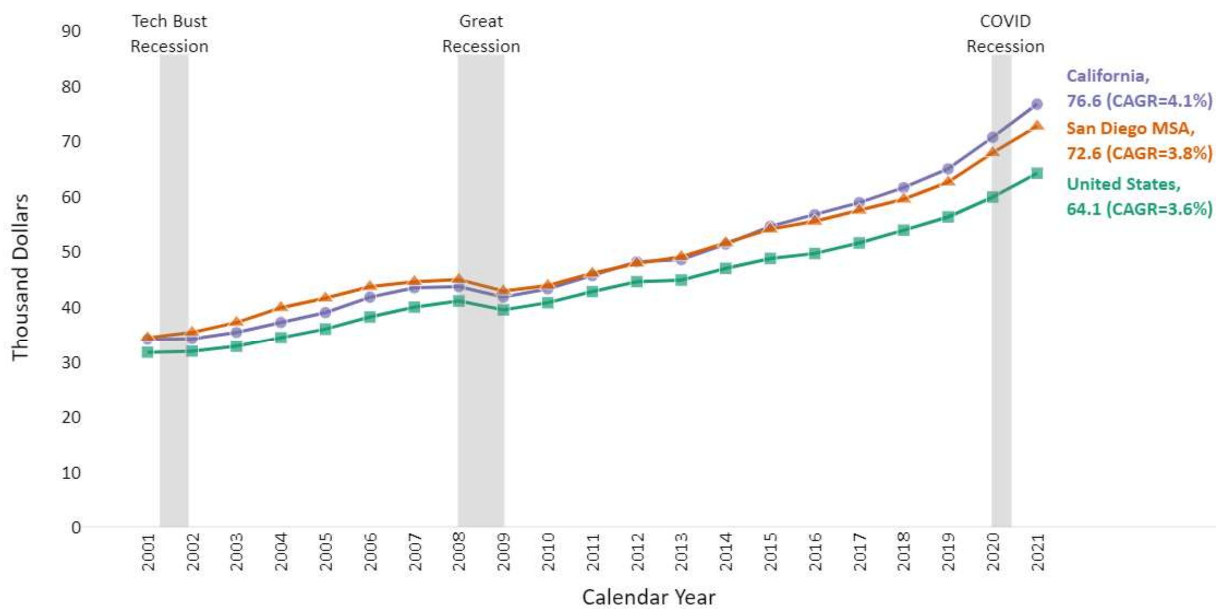
Figure 14 | Household Income Distribution and Median Household Income, 2021

Sources: U.S. Census Bureau 2021 American Community Survey and Unison Consulting, Inc.

[12] For example, a 10 percent increase in income will generate more than a 10 percent increase in air travel demand. See C. A. Gallet and H. Doucouliagos, "The income elasticity of air travel: A meta-analysis," *Annals of Tourism Research* 49 (2014), 141-155.

The San Diego MSA has enjoyed steady per capita personal income growth since 2001, experiencing only a minor dip during the Great Recession (Figure 15). Per capita personal income in the San Diego MSA increased at a compound annual growth rate of 3.8 over the past two decades—slightly higher than the nation's 3.6 percent but slightly lower than California's 4.1 percent. In 2021 per capita personal income was about $72,600 in the San Diego MSA, about 5 percent lower than the state average but 13 percent higher than the national average.

Figure 15 | Per Capita Personal Income (Nominal), 2001-2021

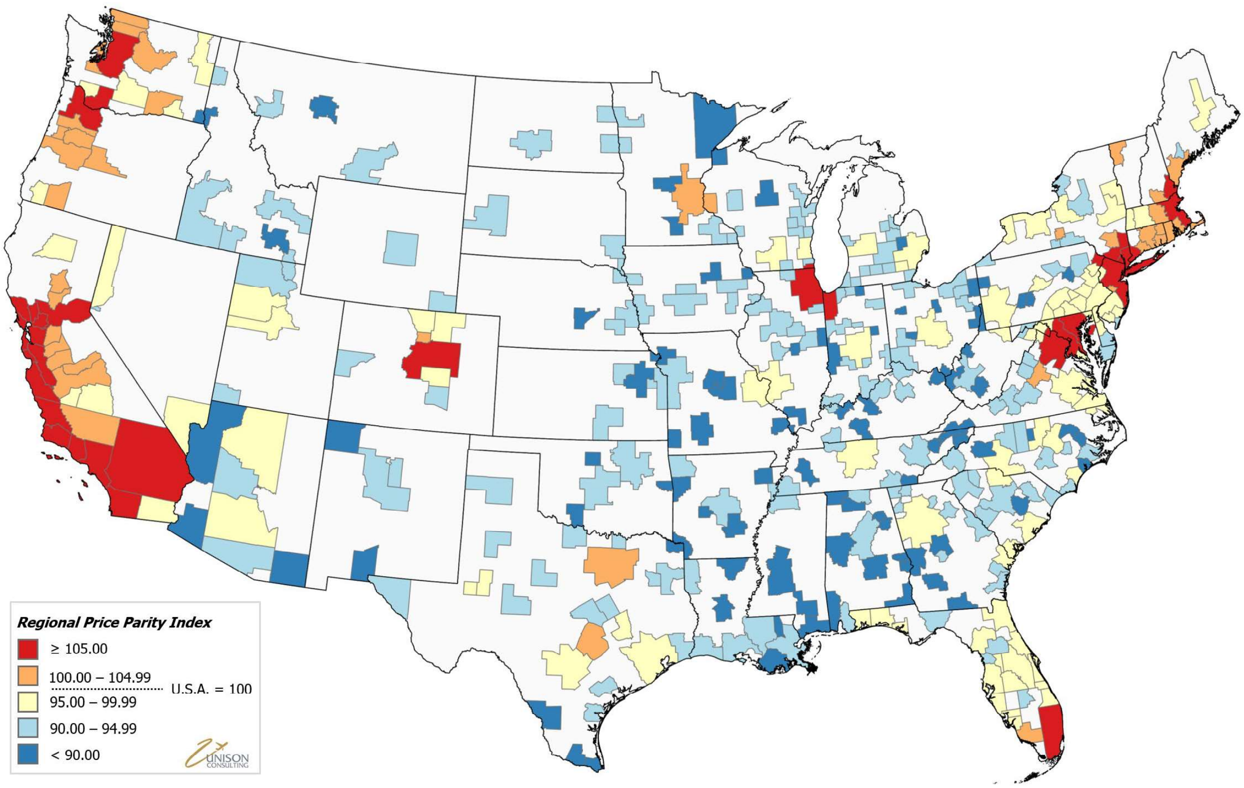


Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.

2.3.6 | Cost of Living

Compared to the national average, living in the San Diego MSA is expensive (Figure 16). The MSA regional price parity index for 2021 shows that prices in the San Diego MSA are about 15 percent above the U.S. average, similar to the neighboring Los Angeles MSA. Nationally, other MSAs with a comparable cost of living include New York and Seattle. All things equal, lower average prices give consumers more discretionary income for travel.

Figure 16 | Regional Price Parity Index by MSA (U.S. Average = 100), 2021



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.

2.4 | Economic Attributes

Demand for air transport services is a function of the economic vitality of a region, which can be gleaned from trends in the gross domestic product (GDP), the labor market, the mix of industries that make up the regional economy, and tourism. Regional, national, and even global economic conditions influence the demand for air transportation services at a particular airport.

2.4.1 | Gross Domestic Product

The most comprehensive measure of economic output is GDP—the dollar value of all goods and services produced in a geographic region.[13] Sustained growth in inflation-adjusted real GDP underpins economic expansions, while decreases in real GDP over two or more consecutive quarters often signal a recession.[14] Generally, during an economic expansion, employment grows, incomes rise, and the demand for air travel also rises. Conversely, during an economic recession, employment decreases, incomes fall, and the demand for air travel also falls.

[13] In this report, GDP refers to economic output measured at national and sub-national levels.

[14] The National Bureau of Economic Research (NBER) Business Cycle Dating Committee officially determines recessions based on several economic indicators.

In the first quarter of 2020, widespread lockdowns, stay-at-home orders, and voluntary social distancing depressed consumer spending, causing the economy to fall into a deep recession. As a result, in 2020, U.S. real GDP decreased by 4.6 percent (annual rate) in the first quarter and another 29.9 percent in the second quarter (Figure 17). The magnitude of the overall contraction in U.S. real GDP was unprecedented. The second-quarter contraction alone was at least three times the GDP contraction during the 2008-2009 Great Recession.

The 2020 recession was different from previous U.S. economic recessions. The typical causes of recessions are market-related and economic—for example, asset market crashes, oversupply, loss of consumer and business confidence, or tight monetary and fiscal policy. The 2020 recession resulted from shocks to both supply and demand induced by the pandemic and deliberate containment measures. Therefore, when counties and states began to reopen in the second half of 2020, and social distancing began to ease, the U.S. real GDP rebounded quickly, increasing 35.3 percent in the third quarter and 3.9 percent in the fourth quarter. Vaccination helped restore consumer and business confidence, accelerate business re-openings, and sustain the economic recovery in 2021. U.S. real GDP grew 5.9 percent for the entire year, the highest annual increase since 1978.

Trends changed in 2022. The U.S. real GDP declined during the first two quarters—by 1.6 percent during the first quarter and 0.6 percent during the second quarter. GDP decreased due to supply and demand issues. On the supply side, production lagged due to:

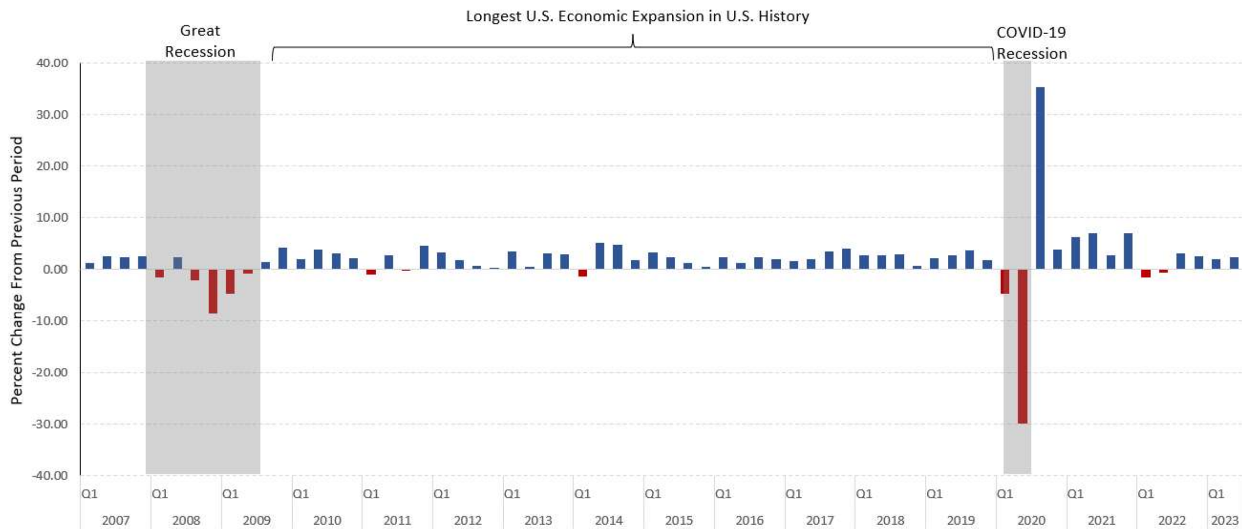
- A surge in sick calls due to the Omicron variant.
- The supply-chain bottlenecks and inventory pressures.
- A fundamental tightness in the labor market due to demand far exceeding labor supply.

On the demand side, growth slowed due to:

- The disappearing stimulus from household income transfers.
- Reduced government spending.
- Rising interest rates resulting from monetary tightening to contain inflation.
- The decrease in exports due to the appreciation of the U.S. dollar.

GDP decline in two consecutive quarters typically would have signaled a recession. However, the NBER Business Cycle Dating Committee, the official arbiter of U.S. business cycles, also looks at trends in other key economic indicators such as nonfarm employment, real consumer spending, industrial production, and real personal income. These indicators, which were generally increasing, did not signal a recession, which the NBER defines as a "significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators." During the third quarter of 2022, the U.S. real GDP grew by 3.2 percent, while the fourth quarter grew by 2.6 percent. Estimates for the first and second quarter 2023 GDP growth indicate continued economic resilience. While the first quarter growth cooled slightly to 2 percent, the advance estimate for the second quarter rebounded to 2.4 percent.

Figure 17 | U.S. Real GDP, Quarterly, Annualized Percent Change from Previous Period, Q1 2007-Q2 2023

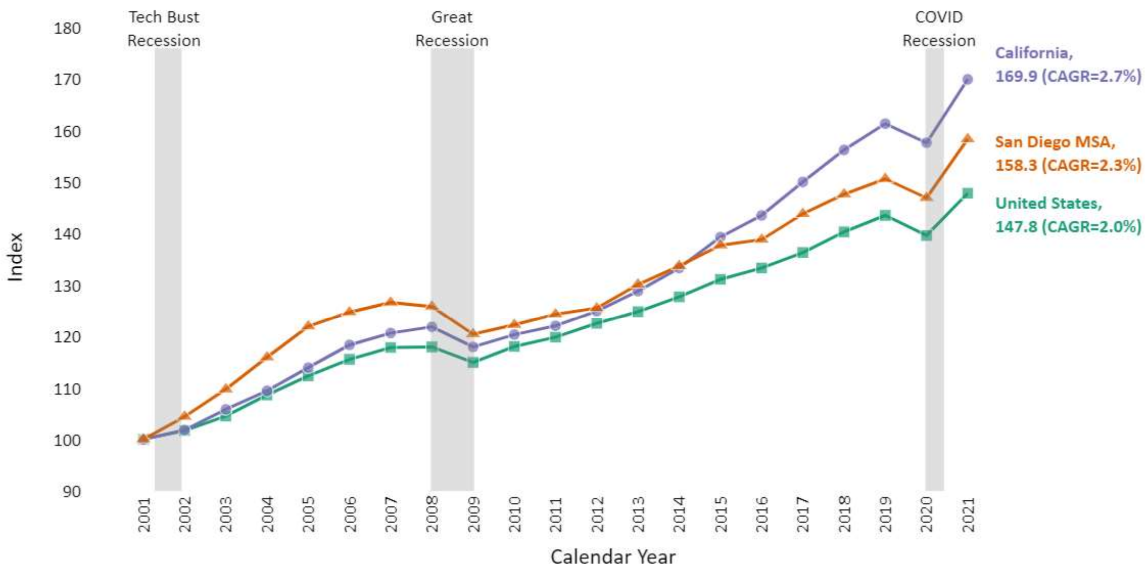


Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas are economic recession periods.

The changes in business cycles at the state and MSA levels generally follow national trends, as measured by real GDP (Figure 18). Over the long term, the growth in real GDP in the San Diego MSA lagged that of California and exceeded that of the United States. Between 2001 and 2008, just before the Great Recession, real GDP in the San Diego MSA grew faster by 27 percent compared with 18 percent nationally and 21 percent in California. During the Great Recession, however, the San Diego MSA suffered more substantial losses in real GDP. Between 2008 and 2009, real GDP fell by 4.3 percent locally versus 2.6 percent nationally and 3.2 percent in California. The San Diego MSA was also slower to recover, taking approximately four years to reach pre-recession GDP in 2013, while the nation and California took only one and two years, respectively.

During the pandemic, the pattern was different. In 2020, the San Diego MSA suffered a smaller decline in real GDP, 2.5 percent, compared with 2.8 percent nationally and 2.3 percent in California. Moreover, recovery was faster, with all three areas (the United States, California, and San Diego MSA) restoring pre-pandemic real GDP levels by 2021.

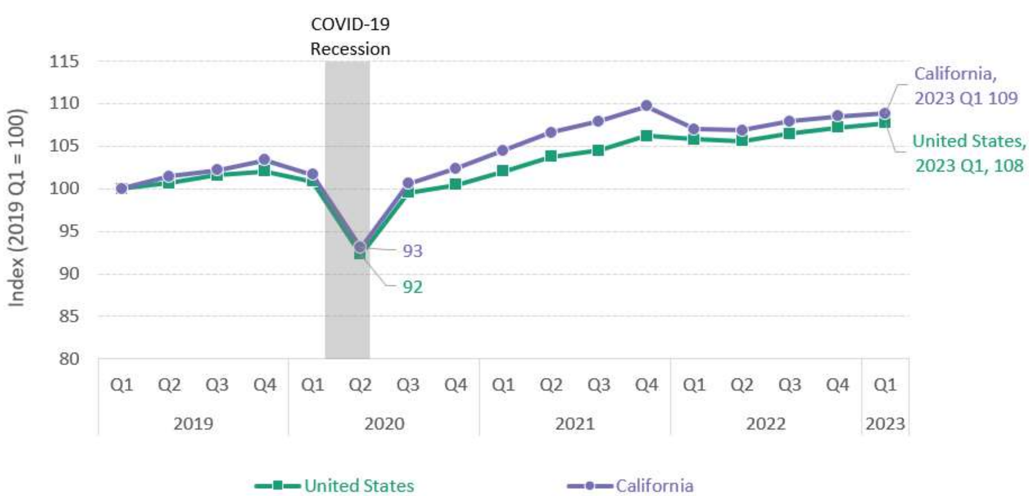
Figure 18 | Real GDP Index (2001-100), 2001-2021



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas are economic recession periods.

Figure 19 provides more insight into GDP recovery at the state and national levels (quarterly data at the MSA level are not yet available). California had fully recovered to 2019 real GDP levels by the third quarter of 2020, and the nation had fully recovered by the fourth quarter of 2020. By the first quarter of 2022, California's real GDP stood 9 percent above the 2019 first quarter level, and real GDP in the United States was 8 percent higher. Given the annual GDP recovery in Figure 18 and the quarterly trends in Figure 19, the prospects for continued economic recovery appear favorable for the San Diego MSA.

Figure 19 | Real GDP Recovery (Index, Q1 2019=100), Q1 2019-Q1 2023



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas are economic recession periods.

2.5 | Labor Market

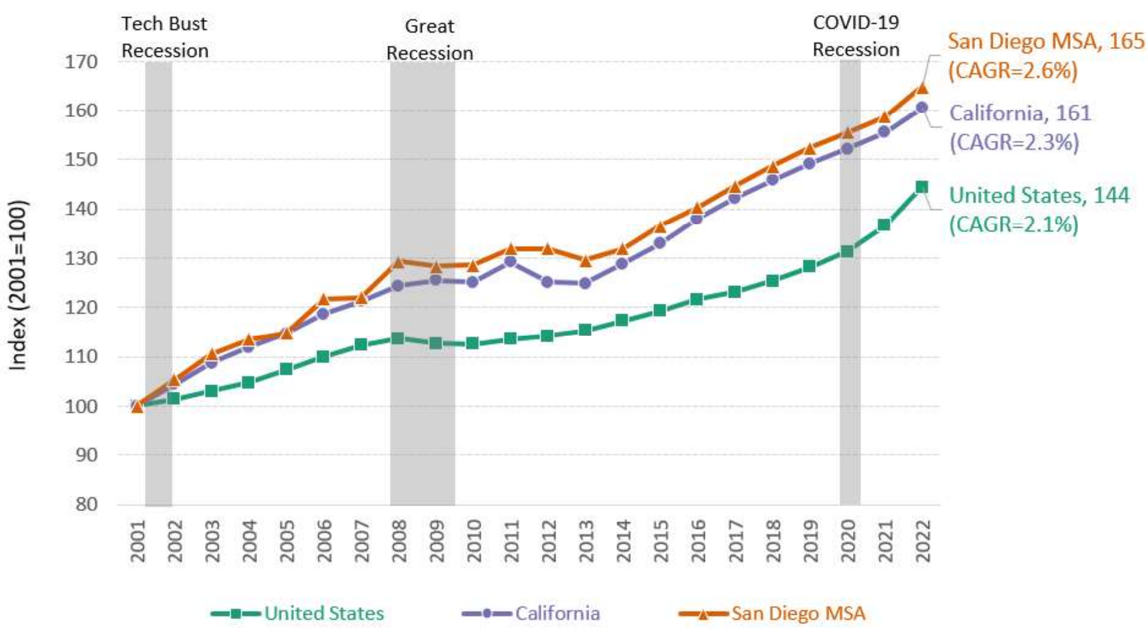
Labor market trends evolve with business cycles and reflect the overall state of the economy. They correlate positively with income and travel patterns. Business creation, employment growth, and low unemployment stimulate leisure and business travel.

2.5.1 | Business Establishments

A growing number of business establishments indicate a healthy business climate, a high level of entrepreneurism, and a favorable start-up environment. New business formation creates jobs and promotes overall economic growth.

Business establishment growth has been strong in the San Diego MSA. Between 2001 and 2021, the number of business establishments in the San Diego MSA grew by 165 percent (2.6 percent CAGR). California saw a 61 percent increase overall (2.2 percent CAGR), and the nation grew by 44 percent (2.1 percent CAGR). All regions experienced slowing business development after the Great Recession, but the pace increased after 2013. There was no slowdown in business creation during the pandemic as there was during the Great Recession. In San Diego, the establishment growth rate has increased—between 2021 and 2022, the number of establishments increased by 5.7 percent, well above the long-term annual average.

Figure 20 | Business Establishment Index (2001=100), 2001-2022



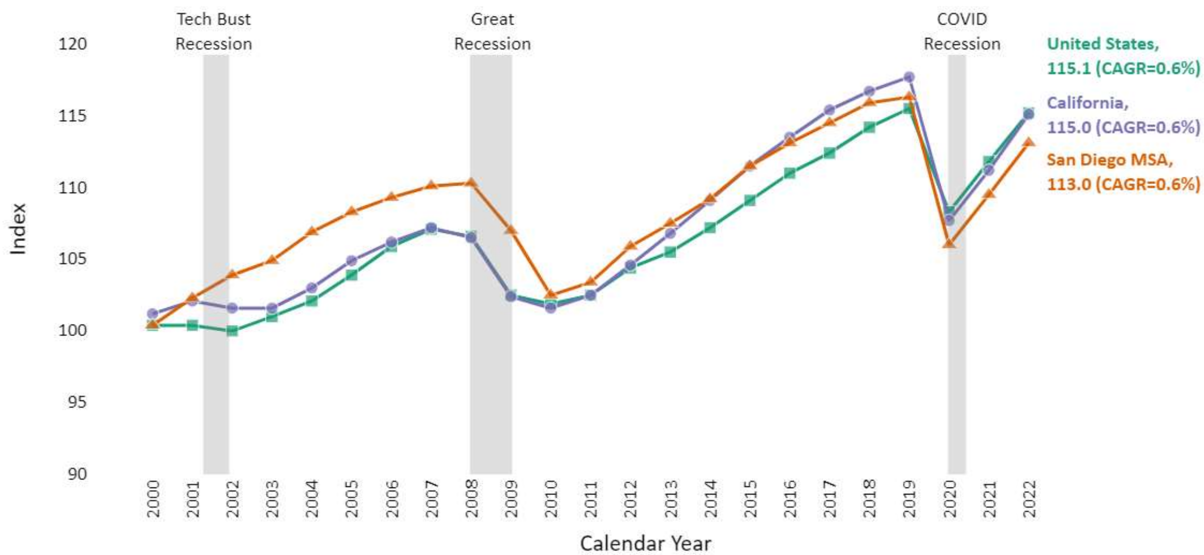
Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas are economic recession periods.

2.5.2 | Employment

From 2000 to 2022, nonfarm employment levels in the San Diego MSA increased by 13 percent overall, at a 0.6 percent CAGR. This is similar to state and national growth of 15 percent (0.6 percent CAGR) during the same period (Figure 21).

Throughout the United States, employment decreased during the Great Recession of 2008-2009, recovered slowly, and continued to increase through 2019. In 2020 when the U.S. economy entered another deep recession, employment again decreased by about 9 percent in the San Diego MSA, 8 percent in California, and 6 percent nationally.

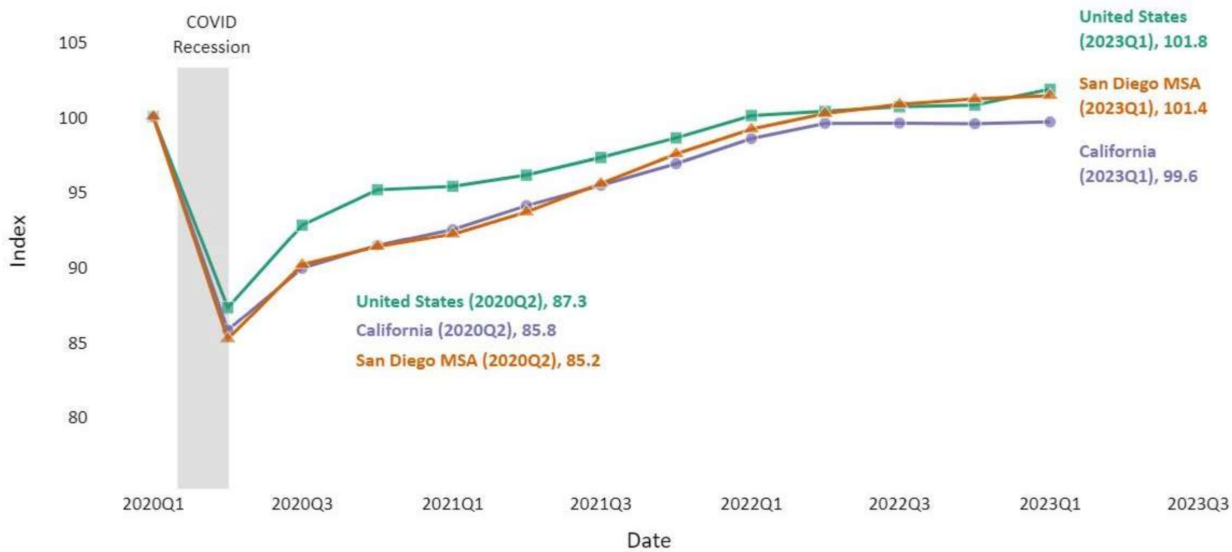
Figure 21 | Employment Index (2000=100), 2000-2022



Source: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas are economic recession periods.

During the pandemic, monthly employment decreased more sharply – by 15 percent in the San Diego MSA, 14 percent in California, and 13 percent in the United States from Q1 to Q3 2020 (Figure 21). However, by Q1 2023, the San Diego MSA had recovered to 101.4 percent and California had recovered to 99.6 percent of Q1 2020 pre-pandemic employment, respectively, slightly under the national recovery rate of 101.8 percent. Steady increases in employment bode well for long-term economic health in the San Diego MSA.

Figure 22 | Employment Recovery (Index, Q1 2020=100), Q1 2020-Q1 2023



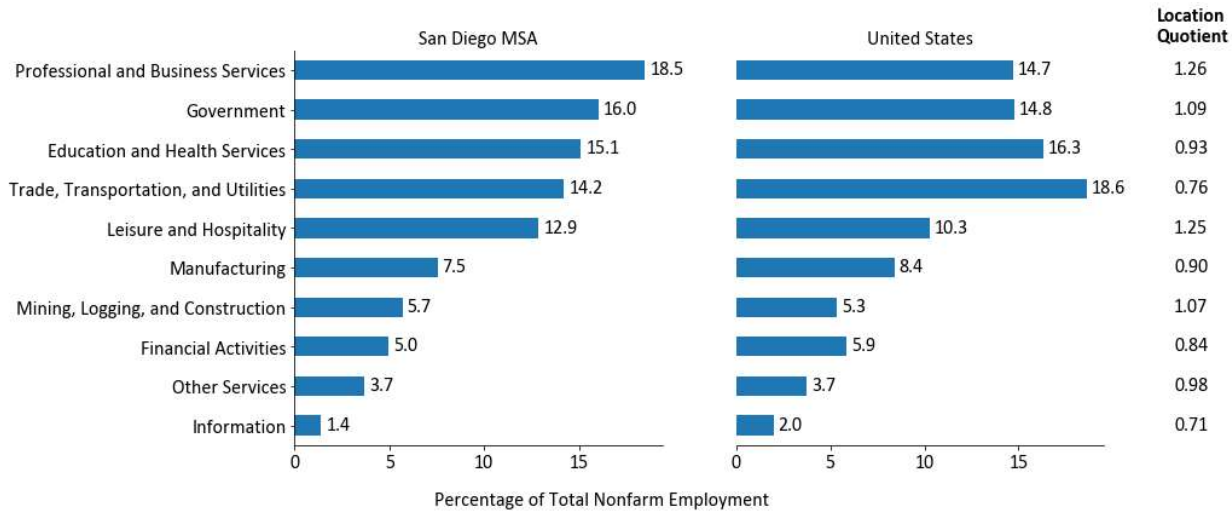
Source: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas are economic recession periods.

2.5.3 | Nonfarm Employment by Industry

A diversified economy withstands shocks better. On the other hand, heavy specialization, especially in pro-cyclical industries such as construction, mining, and manufacturing, exposes the local economy to more significant business cycle fluctuations. Since regions tend to specialize in certain economic activities owing to natural resources, geographic attributes, labor supply, business climate, and other factors, they are more concentrated in specific industries than the national economy.

Figure 23 shows the percentage distribution of employment by nonfarm industry sector in the San Diego MSA and the United States in February 2023. It also shows the location quotient (LQ), which indicates how much more the San Diego MSA specializes in a particular industry than the nation. LQ represents the ratio of an industry's share of the MSA's nonfarm employment to its share of total U.S. nonfarm employment. An LQ above one indicates that the industry contributes a more significant percentage of jobs in the MSA, indicating specialization. Conversely, an LQ below one indicates that the industry has a smaller share of regional employment.

Figure 23 | Percent Employment and Location Quotients -- Selected Nonfarm Sectors, February 2023



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

The largest industry sector in the San Diego MSA, with 19 percent of employment, is professional and business services, which includes legal services, accounting, engineering, and consulting. At the national level, the largest sector is trade, transportation and utilities, which is only the fourth largest in the region. The second and third largest industry sectors in the San Diego MSA are government, with 16 percent of employment, and education and health services, with 15 percent. The prominence of the government sector in the San Diego MSA reflects a large military presence.

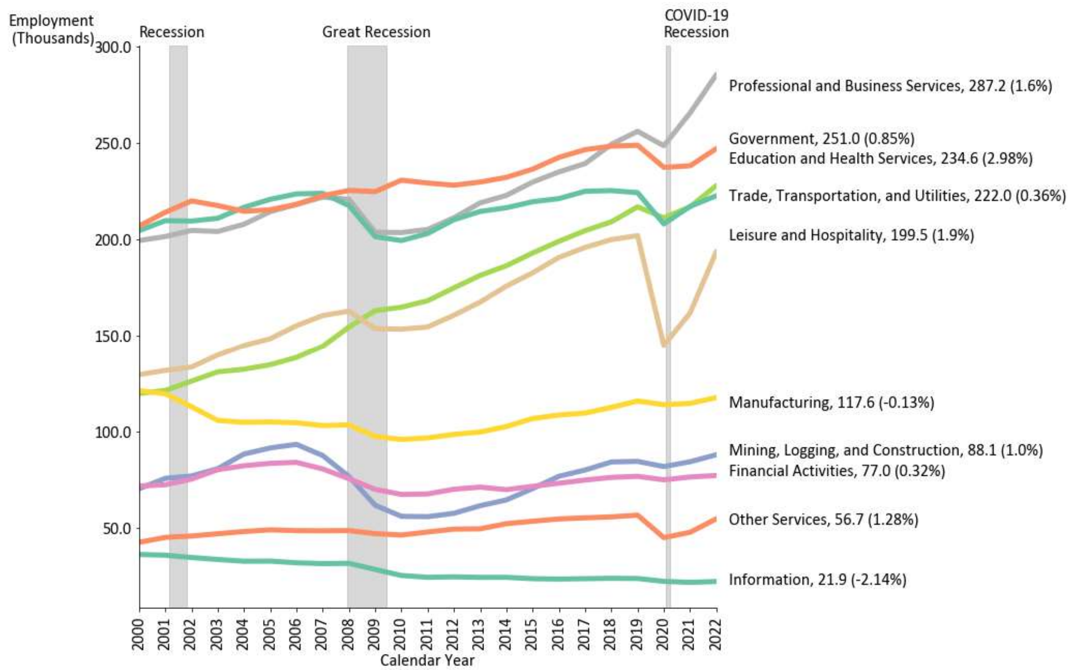
The San Diego MSA's LQs show greater specialization in the following industry sectors:

- Professional and business services with an LQ of 1.26
- Leisure and hospitality with an LQ of 1.25
- Government with an LQ of 1.09
- Mining, logging and construction with an LQ of 1.07

Meanwhile, the San Diego MSA has low LQs for the information sector (0.71), trade transportation and utilities (0.76), financial activities (0.84), and manufacturing. These industries have a smaller presence in the MSA than in the nation.

Figure 24 shows annual trends in employment in selected nonfarm sectors from 2000 through 2023. The effects of the recessions in 2008-2009 and 2020 are evident, especially in pro-cyclical sectors such as construction; trade, transportation, and utilities; and professional and business services. These industries suffered declines in employment in the last two recessions.

Figure 24 | Employment by Selected Industry, 2000-2023



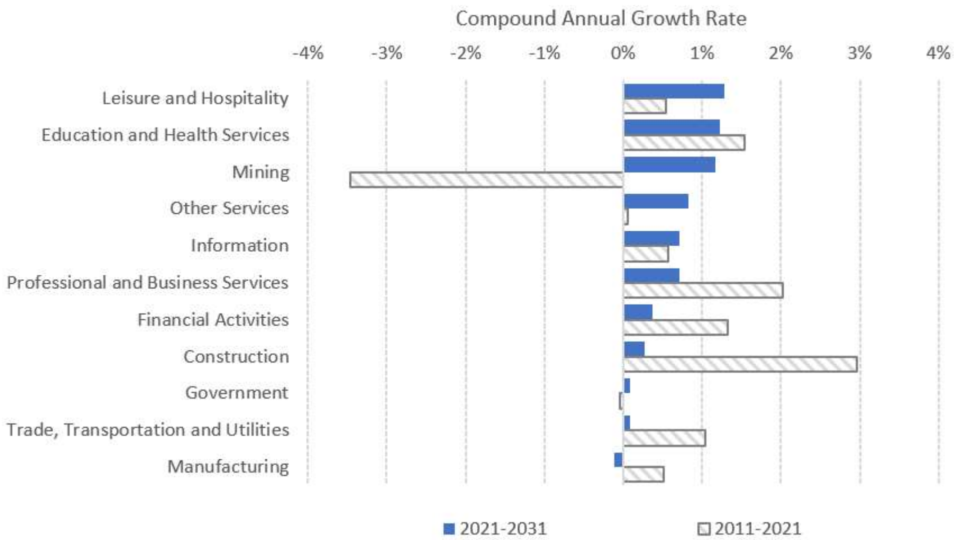
Sources: U.S. Bureau of Labor Statistics and Unison Consulting , Inc.
Gray areas are economic recession periods.

Over the entire period, education and health services experienced the largest employment gains, increasing at a 3 percent CAGR. Leisure and hospitality (1.9 percent CAGR) and professional and business services (1.6 percent CAGR) also grew rapidly. Information (-2.1 percent CAGR) and manufacturing (-0.1 percent CAGR) were the only sectors to lose employment during the period.

Leisure and tourism, a critical sector for the greater San Diego region, suffered significant employment losses during the pandemic after enjoying steady growth between 2011 and 2019. This trend was widespread, as stay-at-home orders and public reluctance to travel disproportionately impacted leisure and tourism. In 2020, the leisure and hospitality sector in the San Diego MSA lost more than 28 percent of its employment. However, the industry rebounded strongly and had recovered 99 percent of pre-pandemic jobs by early 2023. All other sectors have reached 99 percent or more, except "other services," which remains at only 93 percent.

Looking to the future, the San Diego MSA is poised to continue strong employment growth. Figure 25 shows historical employment growth by sector from 2011-2021 and forecast growth from 2021-2031. Leisure and hospitality, education and health services, and professional and business services—all important in the San Diego MSA—are among the sectors forecast to grow strongly in the coming decades.

Figure 25 | Historical and Forecast Growth Rates by Industry Sector, 2011-2021 and 2021-2031



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

2.5.4 | Leading Employers

The San Diego MSA has a range of large public and private employers who, along with the many small enterprises in the area, form the backbone of the region's economy (Table 4). A significant corporate presence generates business demand for air travel.

There is a large public sector in the San Diego MSA. The U.S. defense department, California state government, and local government significantly contribute to employment. The region has other major employers in diverse sectors, including healthcare, food service, electronics, biotechnology, and utilities. Diversity in the job market provides wide-ranging employment opportunities for residents and protects the region from sector-specific downturns while providing multiple employment opportunities for residents. Encouraging business growth that capitalizes on the strengths of the San Diego MSA labor market and geography while encouraging diversification strengthens the region's economy.

Table 4 | Selected Employers with Employees in the San Diego MSA

Organization	Estimated Employment	Sector
Local Government	>10,000	Government
State Government	>10,000	Government
32 St. Naval Station	>10,000	Military
Marine Corps Recruit Depot	>10,000	Military
Sharp Healthcare	>10,000	Healthcare
Kaiser Permanente	5000-9,999	Healthcare
Rady's Children's Hospital	1,000-4,999	Healthcare
General Dynamics	1,000-4,999	Ship Building
Illumina	1,000-4,999	Biotechnology
General Atomics	1,000-4,999	Aerospace & Defense
Sony	1,000-4,999	Electronics
Scripps Mercy Hospital	1,000-4,999	Healthcare
San Diego Gas & Electric	1,000-4,999	Gas and Electric Utilities
Sempra	<1,000	Gas and Electric Utilities
LPL Financial Holdings	<1,000	Securities
Qualcomm	<1,000	Electronics

Sources: California Employment Development Department, Data Axle, Esri, Forbes, Fortune, San Diego County, and Unison Consulting, Inc.
The list is not exhaustive. Employment levels are estimates and may include some non-local employers that have local employees.

2.5.5 | Commuting

The San Diego MSA has an in-area labor force efficiency of about 81 percent, indicating that 81 percent of workers who live in the San Diego MSA also work in the MSA.[15] Most workers who commute outside the MSA work in Los Angeles, Orange, Riverside, or San Bernadino County. Overall, the MSA has a net outflow of jobs, with about 21,000 more workers commuting out than into the San Diego MSA. While the MSA is a major employment node, its proximity to other large MSAs (e.g., Los Angeles and Riverside) provides residents with employment options.

2.5.6 | Unemployment

The unemployment rate represents the share of unemployed members of the labor force (those 16 years and older who are either employed or unemployed and actively looking for work). It provides a measure of unmet demand for jobs. High levels of unemployment imply lower incomes and less discretionary income for travel. As with employment, the unemployment rate follows business cycles (Figure 26).

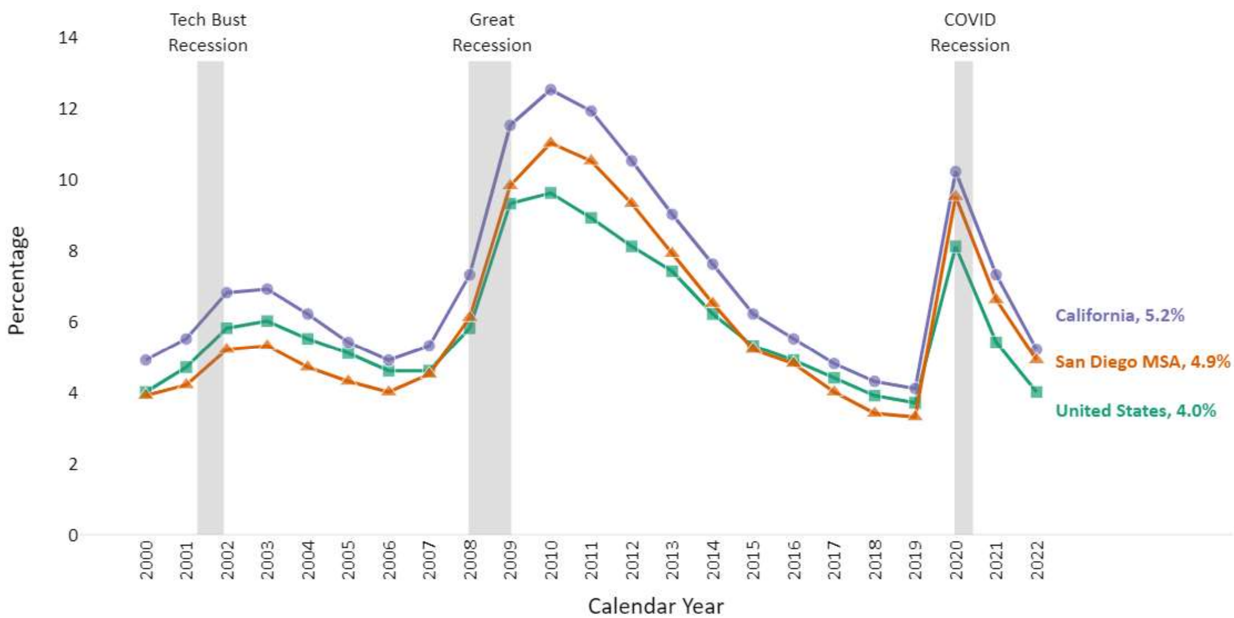
Unemployment rose during the Great Recession to 11 percent in the San Diego MSA, 12.5 percent in California, and 9.6 percent nationally. It then declined during the subsequent expansion—by 2019,

[15] Source: U.S. Census.

to 3.3 percent in the San Diego MSA, 4.1 percent in California, and 3.7 nationally, indicating an economy operating at full employment.[16]

In 2020, amid the business lockdowns, unemployment spiked to an annual average of 9.5 percent in the San Diego MSA, 10.2 percent in California, and 8.1 percent in the United States. By 2022, the annual average unemployment rate had decreased to 4.9 percent in the San Diego MSA, 5.2 percent in California, and 4.0 percent nationally.

Figure 26 | Annual Unemployment Rate, 2000-2022

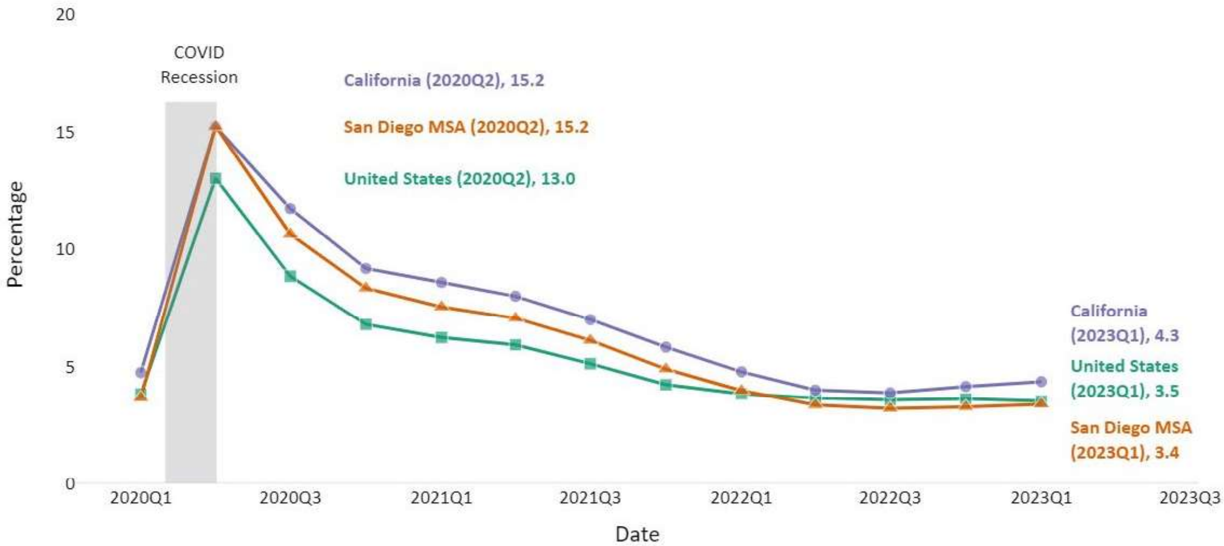


Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas are economic recession periods.

Quarterly unemployment data through Q1 2023 paint a brighter picture (Figure 27). Unemployment rates have consistently dropped since 2020 and, in Q1 2023, reached 3.4 percent in the San Diego MSA, 4.3 percent in California, and 3.5 percent nationally, approaching historic-low 2020 levels. A decline in labor force participation contributes to the low unemployment rates. Nevertheless, the MSA's strong employment recovery and return to low unemployment rates attest to economic resilience.

[16] Unemployment rates between 4.1 and 4.7 percent imply full employment—a state where "…the unemployment rate equals the nonaccelerating inflation rate of unemployment, no cyclical unemployment exists, and GDP is at its potential." Sources: (1) C. Cook, "Full Employment," Bloomberg, 2016. (2) Bureau of Labor Statistics, "Full Employment: an assumption within BLS projections," 2017.

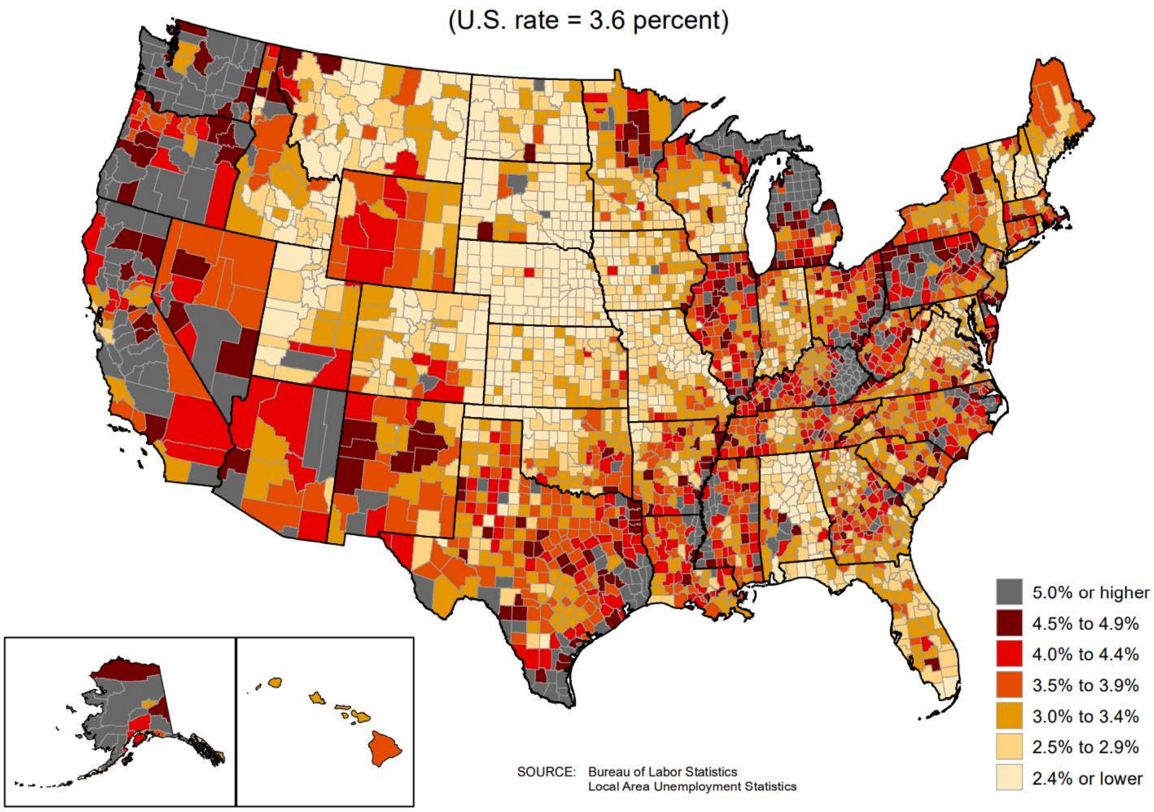
Figure 27 | Quarterly Unemployment Rate, Q1 2020-Q1 2023



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas are economic recession periods.

Figure 27 shows the 12-month average unemployment rate through May 2023 by county in the United States. San Diego County has a lower unemployment rate than the national average. Regionally, the county compares favorably with nearby Imperial, Los Angeles, Riverside, and San Bernadino Counties. San Diego County has one of the lowest unemployment rates on the west coast.

Figure 28 | Unemployment Rates by County, 12-Month Average through May 2023



Source: U.S. Bureau of Labor Statistics.

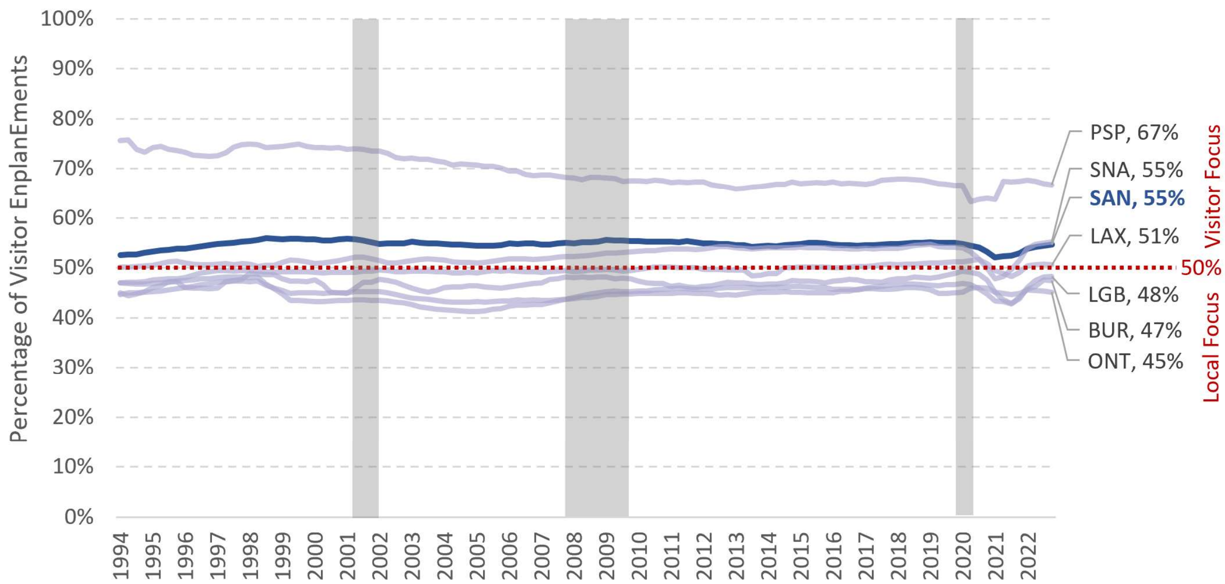
2.6 | Tourism

Tourism is a significant component of the economies of California and the San Diego region. It is a "basic" economic activity and a key driver of economic growth. It brings "new money" from visitor spending on food, lodging, recreation, and other services provided by local businesses.[17] In 2022, travel-related spending in California exceeded $134 billion, contributed nearly $12 billion in tax revenue, and supported about 1.1 million jobs. In the San Diego MSA, tourism-related spending amounted to almost $14 billion in 2021, contributing about $1.1 billion in state and local tax revenue and supporting 96,000 jobs.

SAN plays a fundamental role in drawing visitors to the region. Figure 29 shows the estimated share of visitors among O&D enplanements at each Southern California airports. SAN ties with SNA for the second-largest visitor share of 55 percent in 2022.

[17] In regional economics, "basic" industries, also known as export-base industries, refer to sectors of the economy that generate revenue from customers from outside the region, thus bringing "new money" into the region.

Figure 29 | Visitor Share of O&D Enplanements at Each Southern California Airport (4-Quarter Moving Average), 1994-2022



Sources: U.S. Department of Transportation and Unison Consulting, Inc.
Gray areas are economic recession periods.

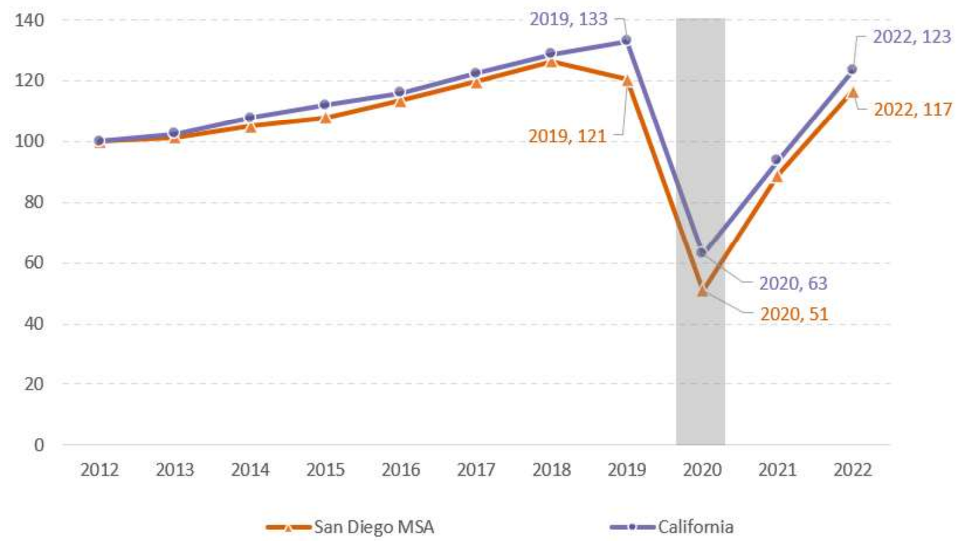
Approximately 68 percent of visitors come to San Diego for leisure, 27 percent for business, and the remainder for special events. Leisure travelers gravitate to San Diego's pleasant weather and diverse attractions. Beaches, the harbor/waterfront, Coronado Island, and Old Town are among the top tourist sites. From 2013 to 2019, San Diego hosted an average of 68 conventions yearly, a significant draw for business travelers.

About 49 percent of San Diego's visitors are from Arizona and California, 41 percent from the rest of the United States, and 11 percent from international origins. Mexico, Canada, the United Kingdom, and China are the most important sources of international visitors. About 45 percent of all overnight visitors arrive by air. [18]

Figure 30 shows the trend in visitor spending in the San Diego MSA and California from 2012 to 2022. Visitor spending rose at a healthy 2.7 percent annual rate in the MSA and 4.2 percent in California. After a significant decrease in 2020, by 2022, visitor spending had returned to 97 percent of the 2019 level in the San Diego MSA and 93 percent in California.

[18] Source: San Diego Tourism Authority data for 2019.

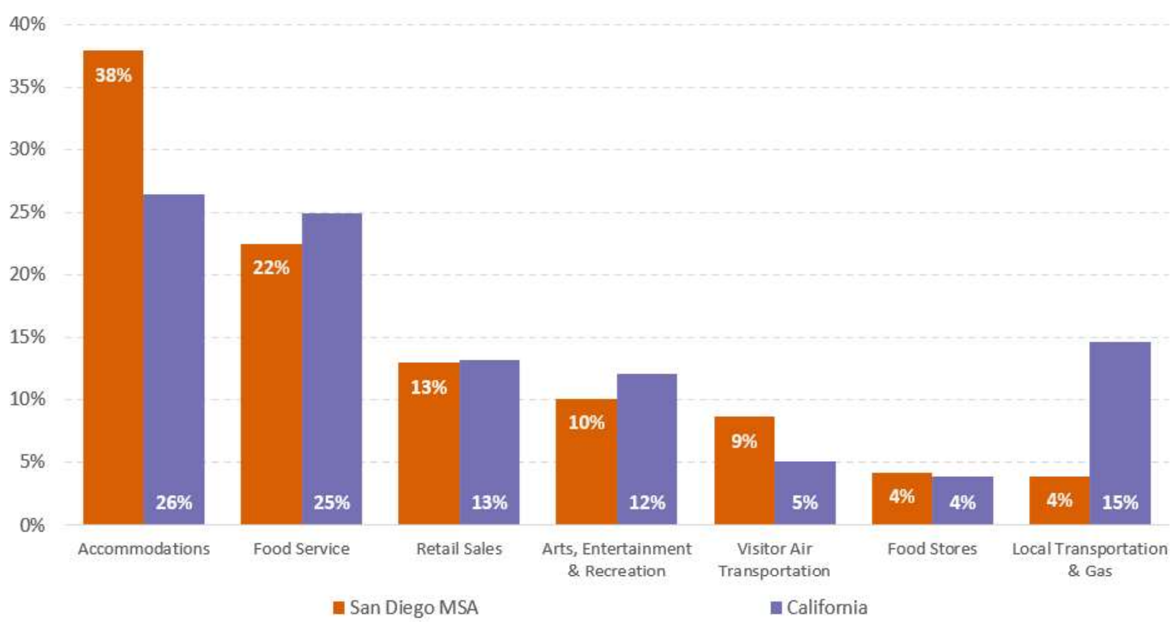
Figure 30 | Visitor Spending Index (2012=100), San Diego MSA and California, 2012-2022



Sources: Visit California and Unison Consulting, Inc.
Gray areas are economic recession periods.

Figure 31 shows visitor spending by expenditure category in the San Diego MSA and California. Accommodations account for 38 percent of visitor spending in the San Diego MSA, much higher than the state average of 26 percent. In addition, about 9 percent of visitor spending in the MSA is for air transportation—about 4 percentage points above the state average.

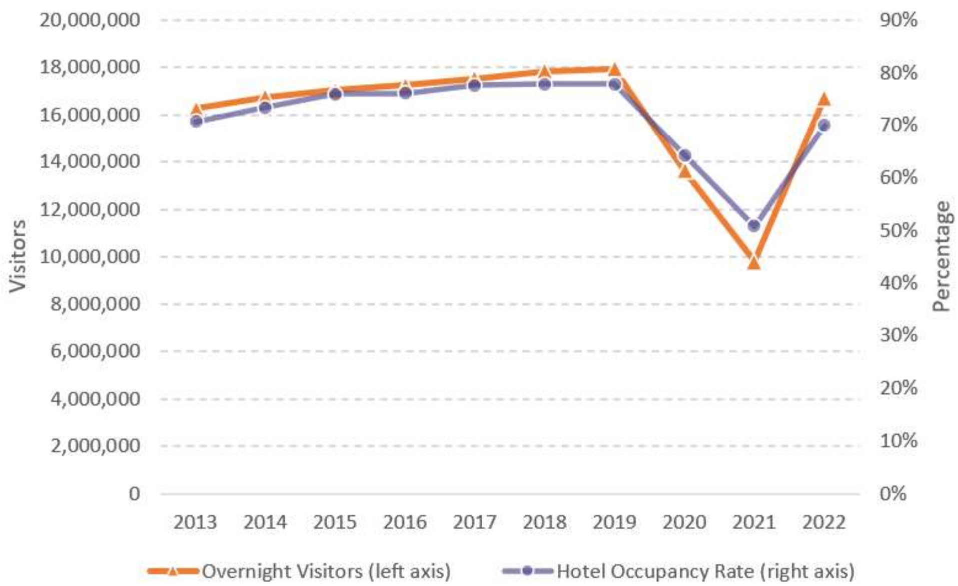
Figure 31 | Visitor Spending by Category, San Diego MSA and California, 2022



Sources: Visit California and Unison Consulting, Inc.

The number of overnight visitors to San Diego and the hotel occupancy rate have moved in tandem since 2013, both rising between 2013 and 2019 (Figure 32). After falling sharply due to the pandemic, the most recent values from fiscal year 2022 show that recovery is progressing.

Figure 32 | Overnight Visitors and Hotel Occupancy Rate, San Diego MSA, Fiscal Year 2013-2022



Sources: San Diego Tourism Authority and Unison Consulting, Inc.
San Diego's fiscal year runs from July 1 to June 30.

Overall, tourism in the San Diego MSA shows resilience. Visitor spending and hotel occupancy are rebounding from the pandemic, and leisure and hospitality employment has largely recovered. Ongoing trends are positive.

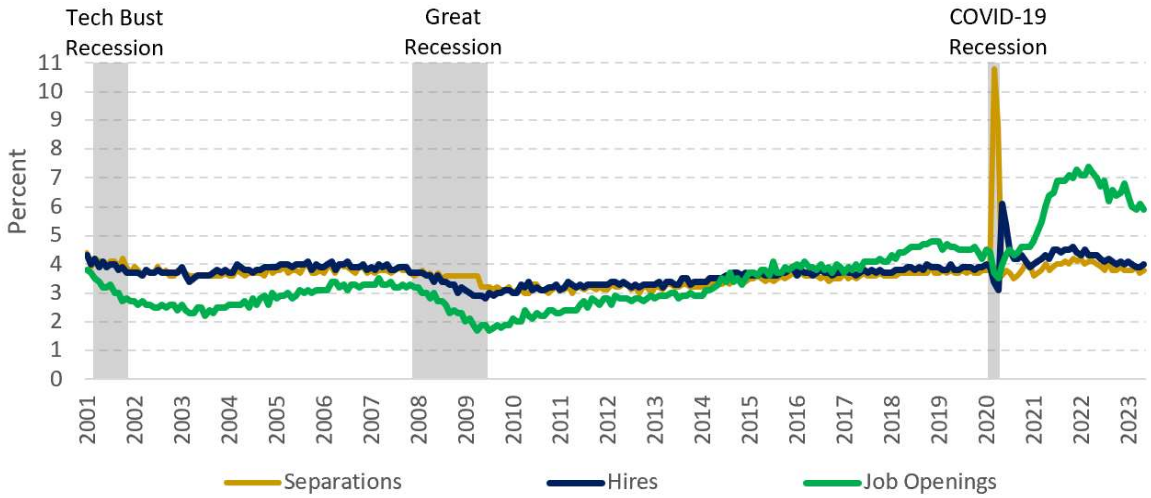
2.7 | Macroeconomic Indicators

The broader U.S. economy affects regional economic conditions and overall demand for air transportation. The current trends in key macroeconomic indicators give mixed signals.

2.7.1 | Employment

The labor market has been robust in the aftermath of the 2020 recession. However, the Federal Reserve's recent efforts to slow inflation are cooling the labor market (Figure 33). In 2021 and early 2022, job openings rose rapidly while hires and separations remained relatively flat amid a shortage of workers to fill available positions. Data from late 2022 and early 2023 show that job openings are decreasing.

Figure 33 | Job Openings, Separations, and Hires, January 2001-May 2023



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas indicate economic recession periods.
The figure shows separations and hires rates as a percentage of total employment, and job openings as a percentage of total employment plus openings.

2.7.2 | Housing

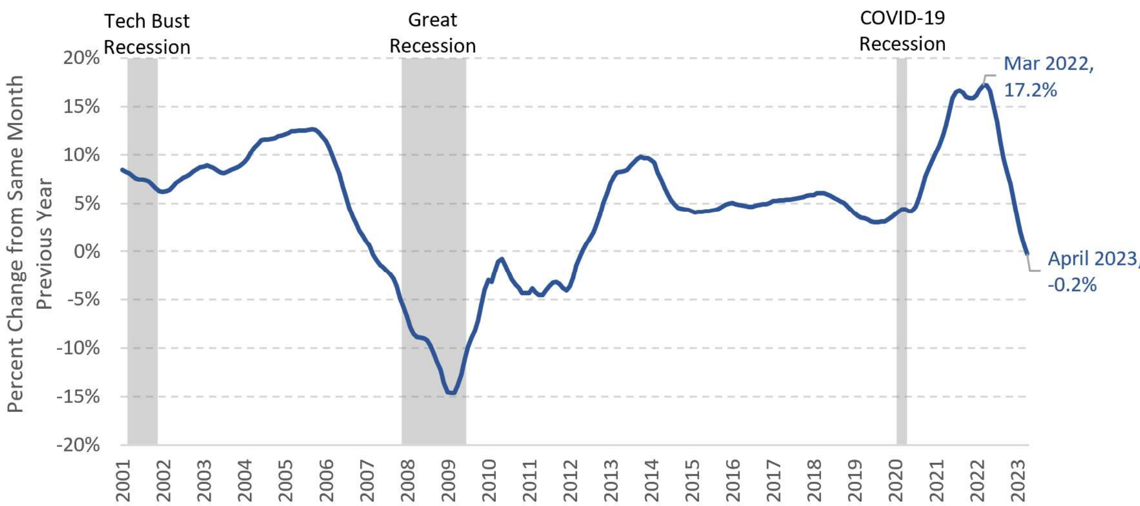
A strong housing market signifies a thriving economy. It also stimulates consumer spending because, for many, housing comprises a substantial portion of net worth. Housing prices, which rose by 40 percent between January 2020 and March 2022, have retreated (Figure 33).

High prices and high interest rates have slowed demand. Moody's Analytics forecasts prices to fall an additional 5-10 percent by early 2025.[19] Falling home prices will reduce consumer wealth, confidence, spending, and consumption.[20]

[19] V. Calanog and K. Fagan, "The Outlook for the Housing Market," Moody's Analytics, February 16, 2023.

[20] P. Carlsson-Szlezak and P. Swartz, "How much damage will the housing market do to the economy?" *Fortune*, August 9, 2022.

Figure 34 | S&P / Case-Shiller National Home Price Index, January 2001-April 2023



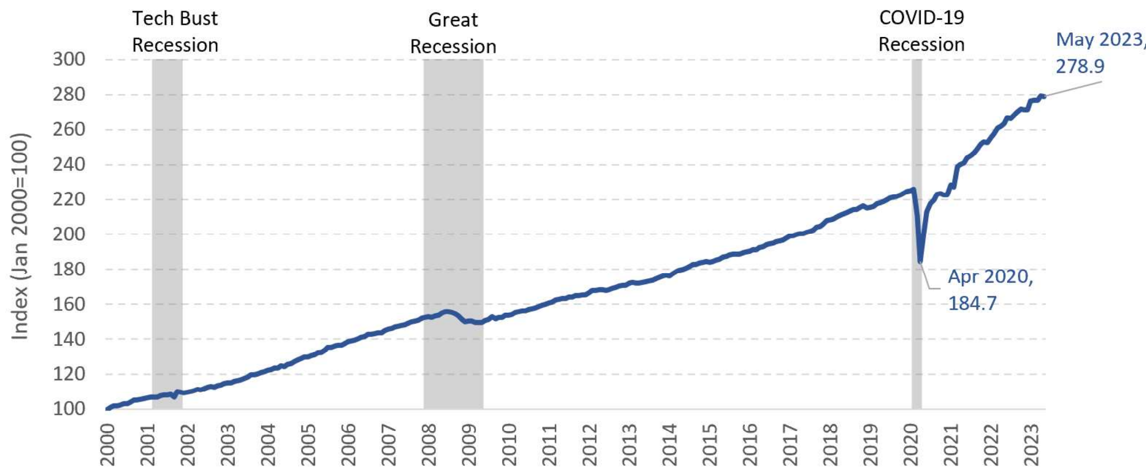
Sources: S&P Dow Jones and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

2.7.3 | Consumer Spending

Consumer spending, a bellwether measure of the economy, continues to signal a growing economy. Personal consumption expenditures (PCE), which account for about 66 percent of the U.S. GDP, have continuously increased, apart from dips during the last two recessions (Figure 35). During the Great Recession, consumer spending decreased by 4.0 percent over eight months in late 2008 and early 2009, after which it rose by 50 percent (3.7 percent CAGR) from January 2009 to January 2020. During the last recession induced by the pandemic, consumer spending decreased by 18 percent over two months from February to April 2020 but rebounded quickly. It increased 51 percent through May 2023 to 23 percent above the pre-pandemic peak. Rising employee compensation has fueled recent increases in consumer spending.[21]

[21] U.S. Bureau of Economic Analysis, Personal Income and Outlays, February 2023.

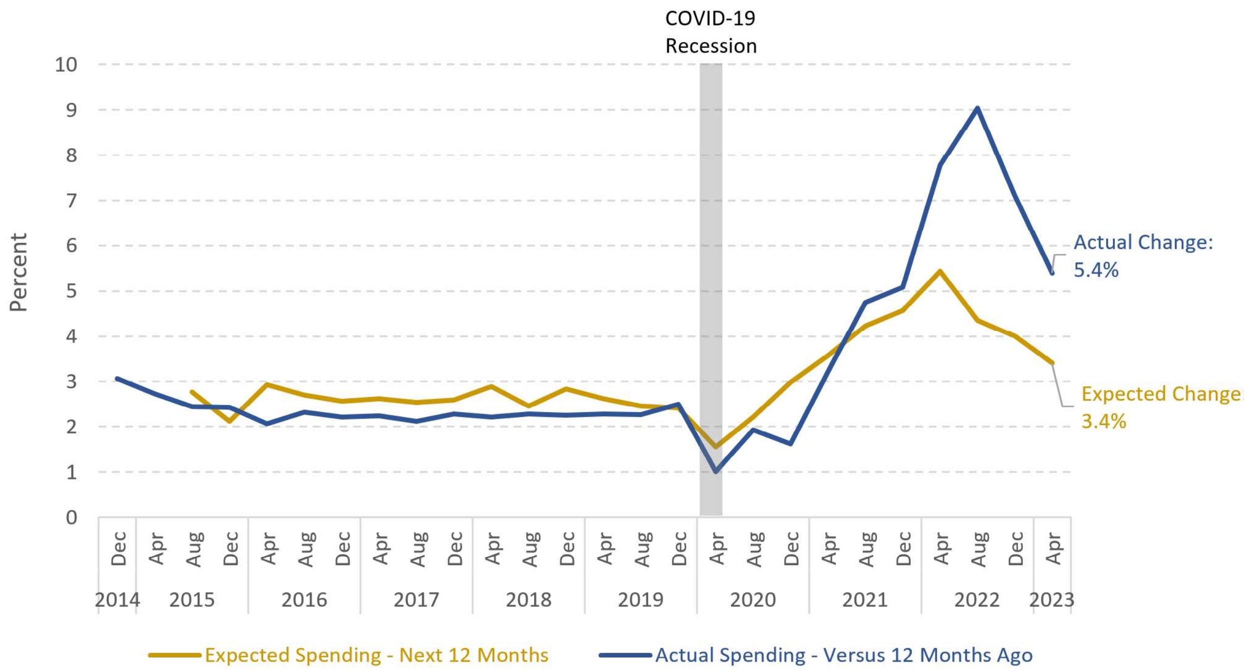
Figure 35 | Personal Consumption Expenditures Index, January 2000-May 2023



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

There are signs that the strong consumer spending that has supported the economic recovery is beginning to weaken. Figure 36 shows consumer spending changes over the previous 12 months and expected spending levels over the upcoming 12 months. The two measures, which had largely mirrored each other until 2021, increased during late 2020 and 2021 due to the improved consumer outlook fostered by the supplementary income provided by the U.S. government during the pandemic. However, the two measures began to diverge in mid-2021, indicating that consumers expect their ability to sustain high spending to fall with the end of government income transfers and rising inflation.

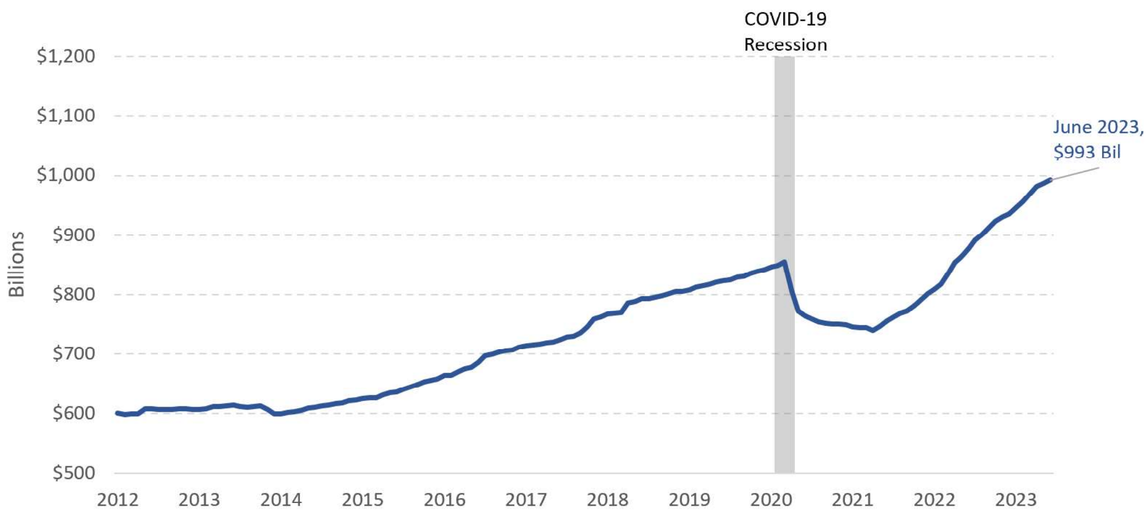
Figure 36 | Actual and Expected Consumer Spending: 12-months ago, Next 12 Months, September 2014-April 2023



Sources: Federal Reserve Bank of New York and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

Consumer spending has been partly fueled by borrowing, as indicated by the rapid rise in consumer loan balances, including credit card debt (Figure 36). Between January 2012 and 2020, consumer loan balances increased by 42 percent, at a CAGR of 4.5 percent. Government stimulus programs for consumers reversed this trend, and between March 2020 and April 2021, consumer revolving loan balances decreased by 14 percent. From April 2021 to June 2023, consumer loan balances increased by 34 percent. The total amount owed by consumers is quickly approaching $1 trillion. The current environment of high inflation and rising interest rates will impinge on the ability of consumers to manage heavy debt burdens and sustain high spending.

Figure 37 | Consumer Loans: Credit Cards and Other Revolving Plans (Commercial Banks), $ Billions, January 2012-June 2023



Sources: U.S. Board of Governors of the Federal Reserve System and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

The personal saving rate soared during the pandemic. Social distancing curtailed household spending, and income transfers from federal relief packages[22] boosted household incomes, resulting in trillions of accumulated savings.

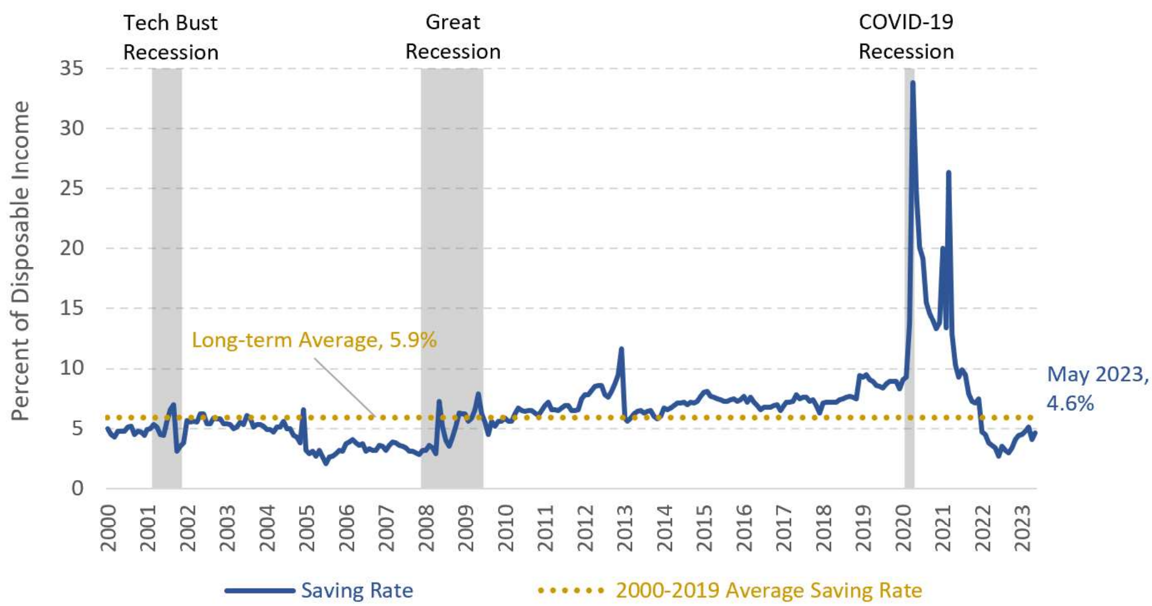
Figure 38 shows monthly personal savings as a percentage of disposable income from January 2000 to March 2023. The long-term average before the pandemic (2000-2019) was 5.9 percent. In 2020 and 2021, the personal saving rate reached levels above 30 percent, and households are estimated to have amassed a peak of more than $2.7 trillion in excess savings through the end of 2021.

Accumulated savings have provided consumers with a cushion to sustain spending—including travel—amid price increases. However, the personal saving rate had fallen to a low 2.7 percent in June 2022, although it had rebounded slightly to 4.6 percent in May 2023. The savings cushion is shrinking as consumers dip more and add less to their savings to sustain spending. Estimates by Federal Reserve economists indicate that excess pandemic savings have already been depleted or

[22] These include the CARES Act in March 2020, the Consolidated Appropriations Act in December 2020, and the American Rescue Plan in March 2021.

will be by the end of 2023.[23, 24] The exhaustion of accumulated pandemic savings removes some support for continued high levels of consumer spending.

Figure 38 | Personal Saving, January 2000- May 2023



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

2.7.4 | Inflation

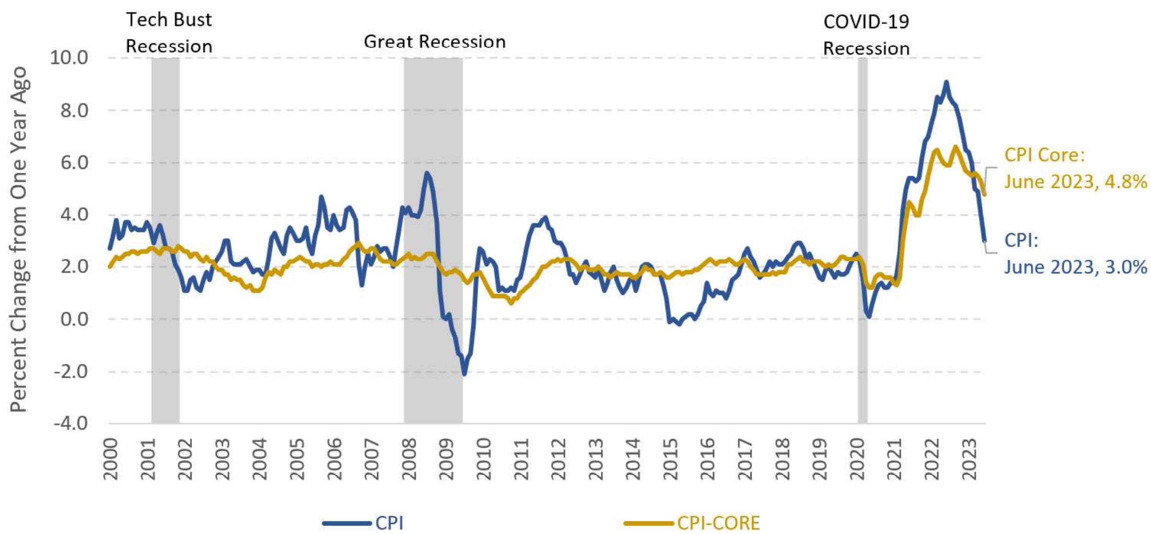
Strong consumer demand and supply constraints have created an inflationary environment. Inflation, which primarily stayed at or below 2 percent between 2010 and 2020, rose in 2022 to levels not seen since the early 1980s (Figure 39). The headline inflation rate, measured by the All-Items Consumer Price Index (CPI), increased to 9.1 percent in June 2022. Core inflation, which excludes highly price-volatile items like food and energy, has also been high, reaching 6.6 percent in September 2022. To slow inflation, the Federal Open Market Committee (FOMC) raised interest rates in 2022 and 2023. Between March 2022 and July 2023, the FOMC increased the Fed Funds rate 11 times—by 525 basis points, increasing the cost of capital for individuals and corporations. Headline inflation has eased in early 2023 (to 3 percent in June) but is still above the FOMC's long-term target of 2 percent. Core inflation has not fallen as much as the headline rate, straining

[23] F. de Soyres, D. Moore, and J. Ortiz, "Accumulated Savings During the Pandemic: An International Comparison with Historical Perspective," FEDS Notes, Board of Governors of the Federal Reserve System," June 23, 2023. https://www.federalreserve.gov/econres/notes/feds-notes/accumulated-savings-during-the-pandemic-an-international-comparison-with-historical-perspective-20230623.html.

[24] A. Aladangady, D. Cho, L. Feiveson, and E. Pinto, "The Rise and Fall of Pandemic Excess Savings," FRBSF Economic Letter, Federal Reserve Bank of San Francisco, May 8, 2023.

household finances. High inflation reduces the purchasing power of consumers and erodes the impact of wage growth.[25]

Figure 39 | Consumer Price Index, January 2000-June 2023



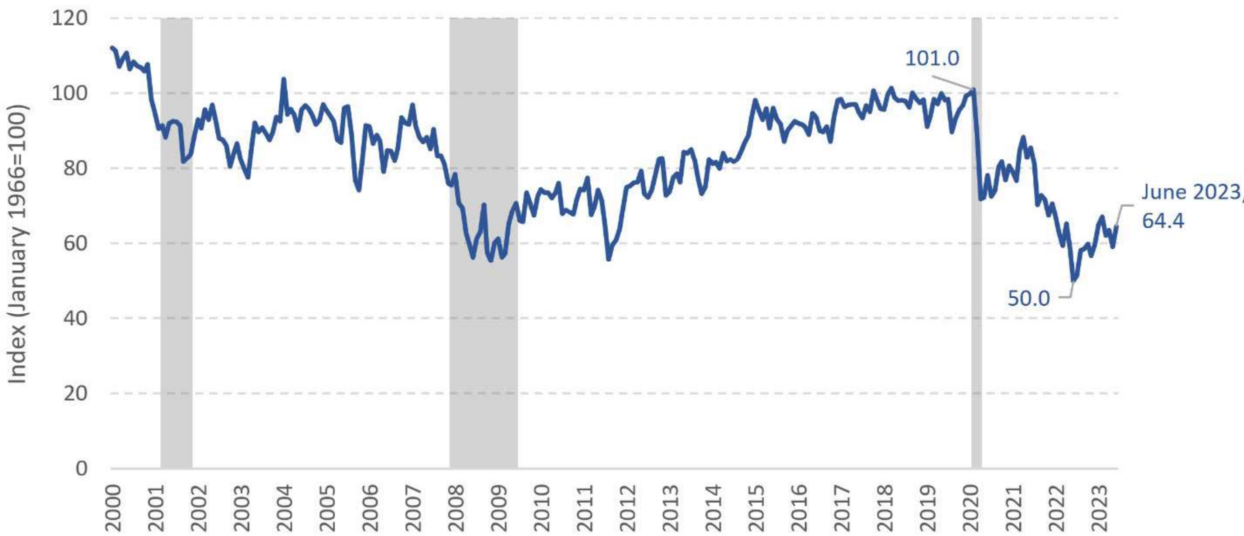
Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

2.7.5 | Consumer Sentiment

Consumer sentiment, based on a recurring survey conducted by the University of Michigan, is near its lowest level in years – another indicator of caution regarding near-term economic conditions (Figure 39). During 2022, the index, which measures consumer confidence in the economy and suggests future demand behavior and business activity, fell to levels as low as those observed during the Great Recession. Consumers are growing more concerned about high inflation and more uncertain about the near-term economic outlook.

[25] An alternative measure of inflation, the Personal Consumption Expenditures Price Index calculated by the U.S. Bureau of Economic Analysis, shows a similar pattern.

Figure 40 | Consumer Sentiment Index, January 2000-June 2023



Sources: University of Michigan Consumer Sentiment Index and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

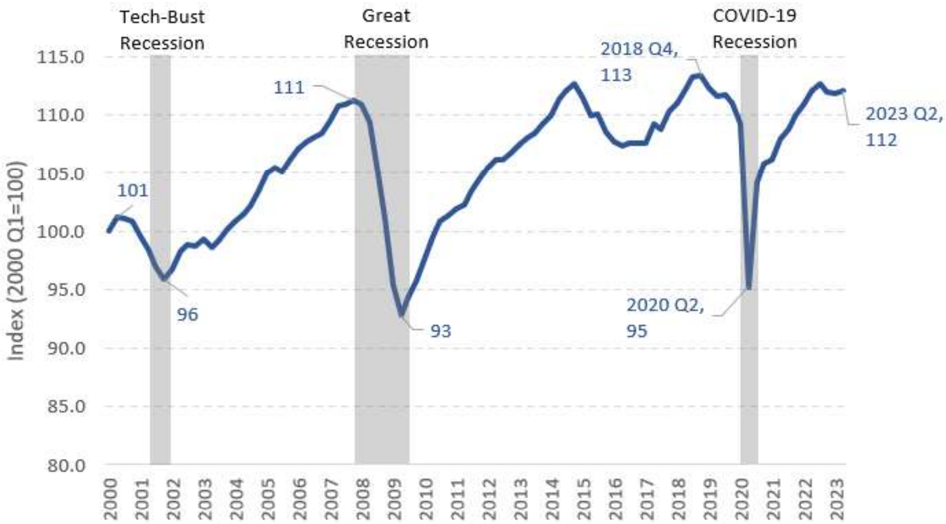
2.7.6 | Industrial Production

Industrial production, which tracks the output of manufacturing, mining, and utilities (for example, power generation), tends to move in concert with business cycles (Figure 41). It decreased significantly during the last three recessions (2001, 2008-2009, and 2020). Most recently, it dropped about 19 percent from the fourth quarter of 2018 through the second quarter of 2020. By the second quarter of 2022, industrial production had rebounded to fourth-quarter 2019 levels—a shorter recovery period than the seven years it took after the Great Recession. However, the trend took another downturn in the fourth quarter of 2022 when the index fell by 0.6 percent due to slowing demand, rising interest rates, and the high value of the dollar, which effectively increases prices for U.S. exports.[26, 27] Entering 2023, the industrial production index stayed mostly flat in the first two quarters.

[26] X. Fontdegloria, "U.S. Industrial Production Declined More Than Expected in December," *MarketWatch*, January 18, 2023, https://www.marketwatch.com/story/u-s-industrial-production-declined-more-than-expected-in-december-271674052883.

[27] Lucia Mutikani, "U.S. manufacturing output tumbles in December," *Reuters*, January 18, 2023, https://www.reuters.com/markets/us/us-manufacturing-output-tumbles-december-2023-01-18/.

Figure 41 | Industrial Production Index, Q1 2000- Q2 2023



Sources: Board of Governors of the Federal Reserve and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

2.7.7 | Global Supply Chain

The pandemic revealed the vulnerability of the global supply chain as the shutdown of factories, transportation issues, and worker shortages due to sick calls impacted various industries, including manufacturing, construction, retail, and wholesale. This caused supply chain bottlenecks, which limited the availability of raw materials, manufacturing capabilities, and product accessibility, ultimately resulting in price increases.

The Federal Reserve Bank of New York's Global Supply Chain Pressure Index (GSCPI) measures strain in the supply chain by combining various transport cost measures with the Purchasing Manager Index (Figure 42). Values above zero indicate more stress on the supply chain, while values below zero indicate a system running smoothly. The index mostly hovered near zero over the past two decades. In 2020, however, the index rose to more than 3 and, after a brief fall, climbed even higher to 4.31 in December 2021. Since then, the index has again fallen to -1.20 in June 2023—a positive indication that the global logistics system is adapting to the demands of the post-pandemic era. While a smoother-running global logistics sector may help economic growth, risks stemming from materials shortages, geopolitical tensions, and continuing changes in the geography of manufacturing will continue to threaten the stability of the global supply chain.[28, 29]

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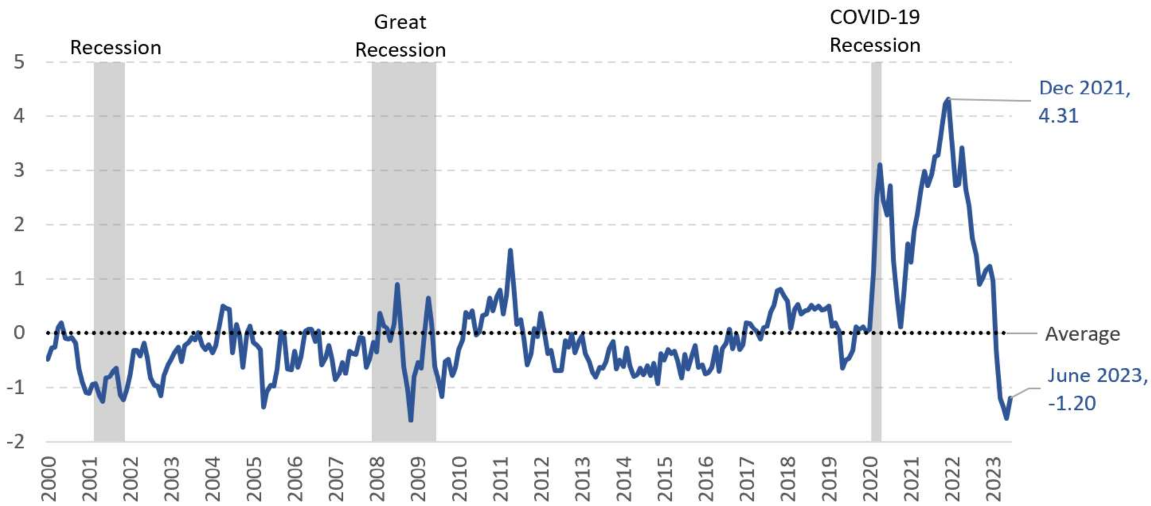
[28] M. Derby, "NY Fed index shows global supply chain pressures eased further in March, Reuters, https://www.reuters.com/markets/ny-fed-index-shows-global-supply-chain-pressures-eased-further-march-2023-04-06/, April 6, 2023.

[29] KPMG, The Supply Chain Trends Shaking up 2023,"
https://kpmg.com/xx/en/home/insights/2022/12/the-supply-chain-trends-shaking-up-2023.html

Figure 42 | Global Supply Chain Pressure Index (Standard deviation from average), January 2000-June 2023



Sources: Federal Reserve Bank of New York and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

2.8 | Macroeconomic Outlook

The economy has rebounded from the 2020 recession and surpassed pre-recession output levels. However, there are signs that growth may be slowing down.

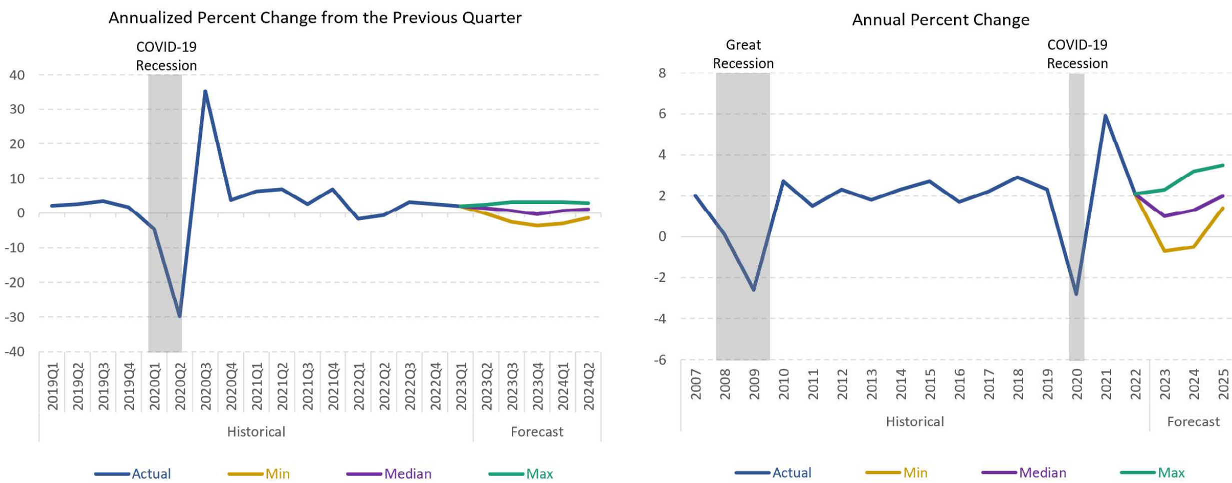
The government income transfers that supported consumer spending have ended, leading consumers to rely on borrowing. The excess savings accumulated during the pandemic have dwindled, and the personal saving rate has dropped below the long-term average. Consumers feel uncertain about economic conditions and anticipate a decrease in future spending. Inflation has slowed in 2023, but it is still high enough for the Federal Reserve to continue raising interest rates. Even though global supply chain pressures have eased, industrial production has slowed as price increases and interest rate hikes reduced demand. The global economy is also slowing—the International Monetary Fund (IMF) cut 2023 global growth forecasts, citing the effects of inflation, Russia's invasion of Ukraine, and China's economic slowdown. As a result, the U.S. dollar continues to strengthen, dampening the demand for U.S. exports.

Notwithstanding the uncertainties in the short-term outlook, the U.S. economy has demonstrated its ability to bounce back and return to a growth trajectory.

2.8.1 | Short-Term Outlook

Predictions are cautious about the short-term economic outlook. According to the median estimates from the Wall Street Journal (WSJ) July 2023 Economic Forecasting Survey, U.S. real GDP is forecast to grow 0.8 percent in the third quarter of 2023, negative 0.35 percent in the fourth quarter of 2023, 0.8 percent in the first quarter of 2024, and 1.2 percent in the second quarter of 2024 (Figure 43). On an annual basis, the median estimate for GDP growth is 1.0 percent in 2023, 1.3 percent in 2024, and 2.0 percent in 2025. However, forecasts vary widely, including some for negative growth starting in the third quarter of 2023. While estimates vary, generally, the growth outlook becomes more stable and positive in 2024 and 2025. The July 2023 WSJ median estimate for the probability that the U.S. economy will slide into another recession within 12 months was 54 percent. This is down from 61 percent in the January and April 2023 forecasts, signaling a potential return to a more stable economic environment.

Figure 43 | U.S. Real GDP, Quarterly and Annual Change (Historical and Forecast)

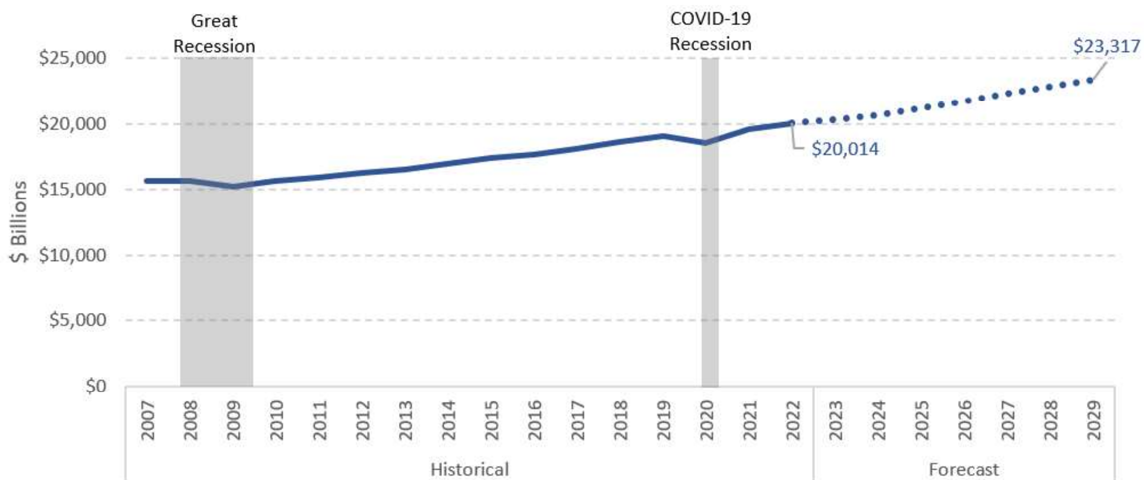


Sources: U.S. Bureau of Economic Analysis, Wall Street Journal July 2023 Economic Forecasting Survey, and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

2.8.2 | Long-Term Outlook

Despite substantial economic uncertainty in the short- and medium-terms, in the long run, the U.S. economy is projected to return to a steady growth path (Figure 44). Moody's Analytics forecasts the U.S. real GDP to grow by 16.5 percent, at a CAGR of 2.2 percent from 2022 to 2029.

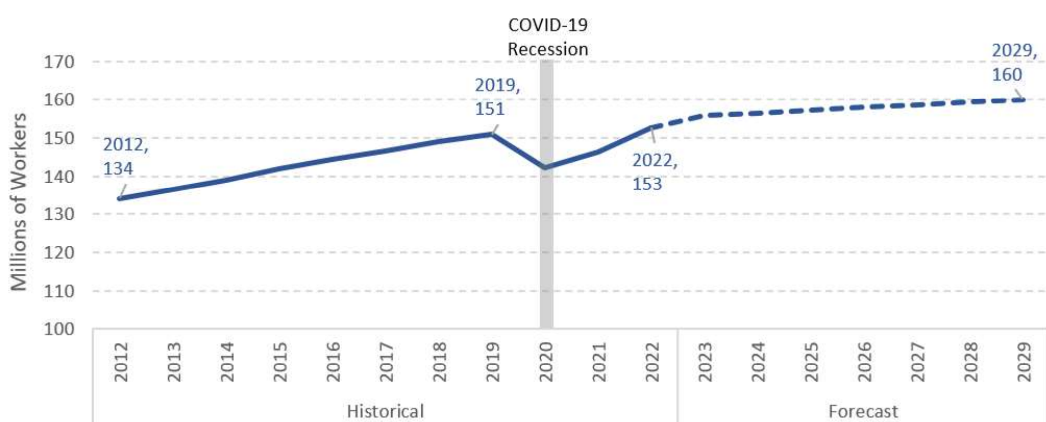
Figure 44 | Long-term Projected U.S. Real Gross Domestic Product, 2007-2029



Sources: U.S. Bureau of Economic Analysis, Moody's Analytics Baseline Forecast (May 2023), and Unison Consulting, Inc. Gray areas indicate economic recession periods.

After falling by almost 6 percent between 2019 and 2020, non-farm employment exceeded pre-pandemic levels by the end of 2022. According to Moody's Analytics forecast, U.S. employment will gain about 7.4 million jobs between 2022 and 2029, increasing at a CAGR of about 0..57 percent (Figure 44).

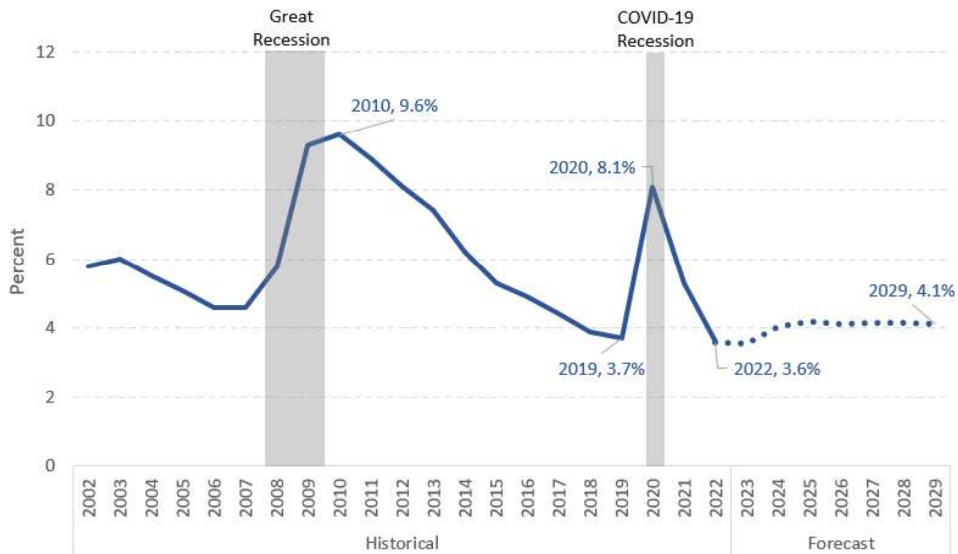
Figure 45 | Historical and Forecast Nonfarm Employment (Millions), 2012-2029



Sources: U.S. Bureau of Economic Analysis, Moody's Analytics Baseline Forecast (May 2023), and Unison Consulting, Inc. Gray areas indicate economic recession periods.

Moody's Analytics projects the U.S. unemployment rate to rise slightly above current levels to 4.2 percent by 2027, remaining nearly constant at just over 4 percent through 2029 at levels consistent with a full-employment economy. Figure 45 shows forecast annual unemployment rates with historical data from 2002 to provide a long-term perspective.

Figure 46 | Historical and Forecast Unemployment Rate, 2002-2029



Sources: U.S. Bureau of Labor Statistics, Moody's Analytics Baseline Forecast (May 2023), and Unison Consulting, Inc. Gray areas indicate economic recession periods.

2.8.3 | Outlook Summary

The San Diego MSA is a highly educated region with above average income. Employment and unemployment have largely recovered from the 2020 recession. Business establishment growth has been robust, and the tourism sector is recovering. Industries with a strong presence in the San Diego MSA—professional and business services, education and healthcare, and leisure and hospitality are poised to grow over the next decade.

The cost of living is high in San Diego, and there has been a recent population decline. In addition, the MSA strongly relies on the government sector—a sector that is not forecast to grow over the next 10 years. In addition, the population is aging, which could have important workforce implications over time.

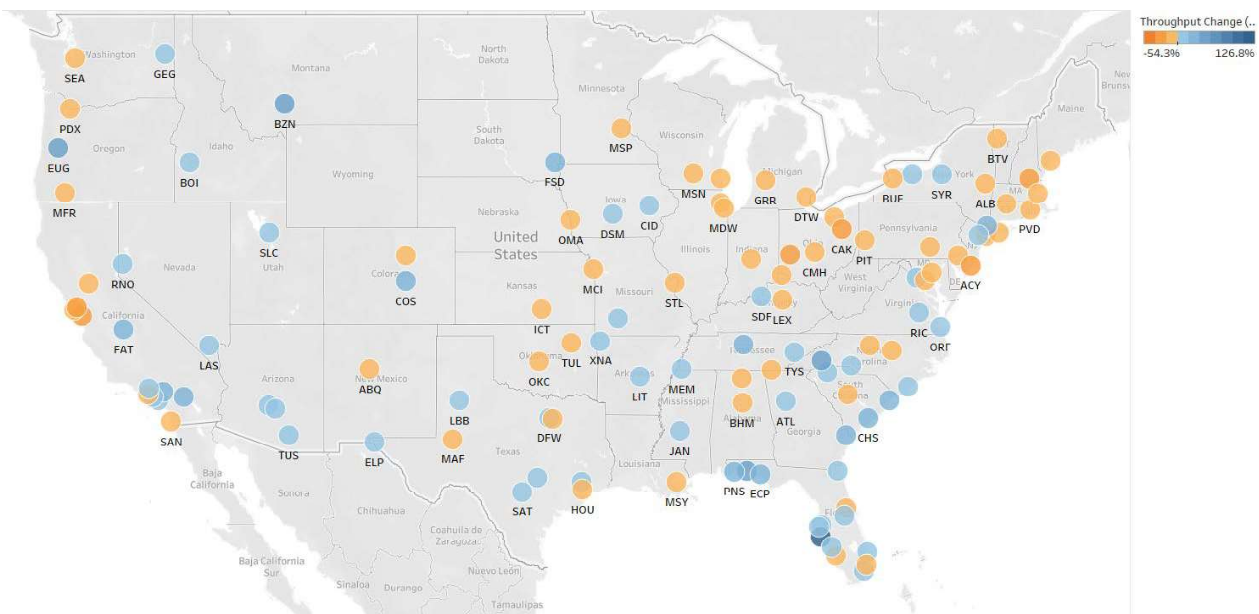
Macroeconomic trends show mixed signals, particularly in the short run. Supply-chain bottlenecks have eased, promoting more efficient production and distribution. Real GDP declined during the first half of 2022 but has rebounded in the final two quarters of 2022 and early 2023. Consumer spending remains strong, although revolving debt levels are rising, and consumer sentiment is low due to inflation and recession worries. Rising interest rates—a consequence of Fed funds rate hikes to slow inflation—dampen housing demand and threaten capital investment. Despite recent announcements of layoffs and a dip in job openings in some sectors, the labor market remains strong for the time being. Beyond 2023 and 2024, the outlook remains positive, although international geopolitical tensions are a continuing concern for the global economy.

SECTION 3 | COMMERCIAL AVIATION ACTIVITY

In this section, we review the historical trends in commercial aviation activity at the Airport, explain the development of forecasts, and present the results. The historical trends in aviation activity at the Airport and the regional and macroeconomic trends in the previous section provide context for the forecasts. Lastly, we discuss broader factors that bring uncertainty to future traffic.

Throughout the section, the trends show the effect of the pandemic. Although the worst has passed and COVID-19's status as a global public health emergency has ended, its effects continue to show in recent data and near-term forecasts. Commercial aviation is one of the sectors that suffered the most severe disruptions due to the pandemic. Global passenger traffic fell to unprecedented low levels. At U.S. airports, including SAN, passenger traffic decreased to as little as 3-to-5 percent of normal levels in April 2020. Recovery has been well underway, with varying progress among U.S. airports (Figure 47).

Figure 47 | U.S. Hub Airport Passenger Traffic Recovery Based on TSA Throughput for January 1-July 15, 2023, Change Over the Same Period in 2019



Sources: Transportation Security Administration and Unison Consulting, Inc.
The map uses TSA throughput, a proxy indicator of O&D enplanements.
Blue indicates at least 100 percent recovery to 2019 level. Orange indicates less than 100 percent recovery.

3.1 | Operating Airline History

As of May 2023, 16 mainline passenger carriers and 6 cargo carriers operate at SAN, all listed in Table 5, while Table 6 expands on the history of air carriers that have served at the Airport. SAN's largest service providers include Southwest, Alaska, United, Delta, and American.

Most of SAN's mainline carriers are long-term staples that have served the Airport through at least the past five fiscal years. However, foreign-flag airlines, such as Air Canada, British Airways, Lufthansa, and WestJet, paused operations in FY2021, due to pandemic-related international travel restrictions. SAN lost service from Edelweiss Air in FY2020 before the pandemic began. Swoop operated at SAN briefly in FY2022; it will be shut down and integrated into its parent company WestJet on October 28, 2023.[30]

SAN's six cargo carriers include ABX, Ameriflight, Atlas Air, FedEx, Swift, and UPS. Over the pandemic, West Air ceased service at SAN. Atlas has a signatory agreement and lease two parking positions for DHL, with Swift operating the DHL flights. ABX previously operated the DHL flights and now performs occasional charter operations at the Airport. However, FedEx and UPS, along with their feeder operator Ameriflight, are longtime service providers at SAN and still operate with strong numbers.

Table 5 | Air Carriers Currently Serving SAN, as of May 2023

Mainline Carriers		Regional Affiliates	Cargo Carriers
Air Canada	JetBlue	Air Canada Jazz[1]	ABX
Alaska Airlines	Lufthansa	Horizon Air[2]	Ameriflight
Allegiant Air	Southwest Airlines	SkyWest Airlines[2,3,4]	Atlas Air
American Airlines	Spirit Airlines		FedEx
British Airways	Sun Country Airlines		Swift
Delta Air Lines	United Airlines		UPS
Frontier Airlines	Westjet		
Hawaiian Airlines			
Japan Airlines			

Sources: OAG Schedules Analyzer, last accessed on May 11, 2023, for passenger carriers, and Airport records for cargo carriers.
[1] Operates as a regional affiliate for Air Canada.
[2] Operates as a regional affiliate for Alaska Airlines.
[3] Operates as a regional affiliate for Delta Air Lines.
[4] Operates as a regional affiliate for United Airlines.

[30] Pete Evans, "WestJet shutting down discount airline Swoop," *CBC News*, June 9, 2023, https://www.cbc.ca/news/business/westjet-swoop-1.6871478.

Table 6 | History of Carriers Serving SAN, FY2019-FY2023

Carriers Serving SAN by Fiscal Year					
Airline (+ Regional Affiliate)	**2019**	**2020**	**2021**	**2022**	**2023**
Air Canada		◦		•	•
Air Canada Jazz	•	•		•	•
Air Canada Rouge	•	•			
Alaska Airlines	•	•	•	•	•
Horizon Air	•	•	•	•	•
SkyWest Airlines	•	•	•	•	•
Allegiant Air	•	•	•	•	•
American Airlines	•	•	•	•	•
SkyWest Airlines	•	•			
Compass Airlines	•	•			
British Airways	•	•		•	•
Delta Air Lines	•	•	•	•	•
SkyWest Airlines		•		•	•
Compass Airlines	•	•			
Frontier Airlines Inc.	•	•	•	•	•
Hawaiian Airlines	•	•	•	•	•
Japan Airlines	•	•	•	•	•
JetBlue	•	•	•	•	•
Lufthansa	•	•		•	•
Southwest Airlines	•	•	•	•	•
Spirit Airlines	•	•	•	•	•
Swoop				•	◦
Sun Country Airlines	•	•	•	•	•
United Airlines	•	•	•	•	•
SkyWest Airlines	•	•	•	•	•
Mesa Airlines			•		
Westjet	•	•		•	•
Former SAN Passenger Service Providers					
Edelweiss Air	•	•			
Cargo Carriers	**2019**	**2020**	**2021**	**2022**	**2023**
ABX		•	•	•	◦
Ameriflight	•	•	•	•	•
Atlas Air	•	•	◦		◦
FedEx	•	•	•	•	•
Swift					•
UPS	•	•	•	•	•
Former SAN Cargo Service Providers					
West Air	•	•	•		

Sources: OAG Schedules Analyzer, last accessed on May 11, 2023, for passenger carriers, and Airport records for cargo carriers.
Note: Light gray bullet points denote less than 10 operated departures for the year.

Additionally, there are three regional carriers: Air Canada Jazz, which operates for Air Canada; Horizon Air, which operates for Alaska Airlines; and SkyWest Airlines, which operates for Alaska, Delta, and United. Air Canada Rouge, Compass Air, and Mesa Airlines previously served as regional affiliates at SAN but ceased service after FY2020 (in Mesa's case, after FY2021).

3.2 | Historical Passenger Traffic Trends

Changes in the U.S. business cycle drive growth trends in passenger traffic: the demand for air travel grows during periods of economic expansion and declines during periods of economic recession. Passenger traffic is also affected by significant changes in airline network strategies and one-off events such as the 2001 terrorist attacks, which took place during the 2001 U.S. economic recession, and the COVID-19 pandemic, which caused the 2020 economic recession.

3.2.1 | Significant Developments Affecting the U.S. Airline Industry

The U.S. aviation industry enjoyed several periods of rapid expansion, including the 1980s following the federal deregulation of the industry and the 1990s during a decade-long economic boom. Nevertheless, the long-running U.S. economic expansion abruptly ended with the bursting of the dot-com bubble in 2001. Since then, additional adverse events have prompted significant structural changes that continue to shape the industry today.

The terrorist attacks on September 11, 2001, caused a significant drop in air travel in the ensuing months, resulting in substantial losses for U.S. airlines. Airport security tightened, and longer passenger screening times discouraged air travel, particularly to short-haul destinations that could be reached by ground transportation. Airlines competed for passengers by lowering airfares. Passengers became increasingly price sensitive, as the internet made it easy to search and compare airfares.

Meanwhile, airlines faced rising fuel costs. Jet fuel prices quadrupled from 2000 to 2008, remaining at record-high levels through 2014. Amid record fuel prices, the U.S. economy entered the Great Recession from December 2007 to June 2009—the longest U.S. economic recession since the Great Depression. The recession spread globally and weakened demand for air transport. Significant declines in employment and household incomes slowed the recovery of the economy and air transport demand.

Mounting financial difficulties resulting from high fuel costs and weak demand during the Great Recession led to airline bankruptcies and mergers, leaving four major airlines—American, Delta, Southwest, and United—controlling 80 percent of the U.S. domestic passenger traffic. Surviving airlines implemented various cost-cutting measures. They retired old aircraft, acquired larger and fuel-efficient aircraft, and added seats to existing aircraft. They transferred routes between mainline and regional service to better match the supply of seats with demand. They changed their route networks to maximize profits, moving flights from less to more profitable markets. To improve financial results, they changed pricing structures to increase revenue. They also made deliberate cuts to flight schedules to increase load factors and improve aircraft utilization—a business strategy that has become known as airline capacity rationalization—and those cuts fell disproportionately on small and medium hub airports.

Although the U.S. economic recovery from the Great Recession was slow, it became the longest U.S. economic expansion on record. As air travel demand returned, the U.S. airline industry began earning profits in 2010 and continuously sustained those profits for more than 10 years. In late 2014, jet fuel prices began to fall, allowing airlines to boost profits, renew fleets, and increase flight schedules while maintaining capacity discipline. As the economy continued to expand, nationwide air traffic growth accelerated in the last quarter of the decade, despite adverse shocks to the industry, including the grounding of the Boeing 737 MAX, a recent addition to the commercial passenger aircraft fleet.

In 2020, with the onset of the pandemic, air travel came to a near halt, and U.S. airport passenger traffic plummeted nearly 97 percent in mid-April 2020. Additionally, pandemic-related travel restrictions severely depressed international travel. The pandemic significantly impacted air travel, inducing structural changes in the demand for air travel and the supply of airline passenger service that may have long-lasting effects on the airline industry.

Unlike the experience following the Great Recession, leisure travel has led passenger traffic recovery during the pandemic. Business travel has been slower to recover due to the following:

- The widespread adoption of virtual conferencing.
- The delay in workers' return to offices.
- The possible permanent transition to remote work and hybrid work practices.

In response to the sharp decrease in air travel demand, airlines reduced capacity by retiring older aircraft models and postponing the delivery of new ones. They also shrank their workforce by creating incentives for voluntary retirement and extended leave. As air travel demand rebounded, airlines have restored flights but now face fleet constraints, delays in new aircraft deliveries, and labor shortages.

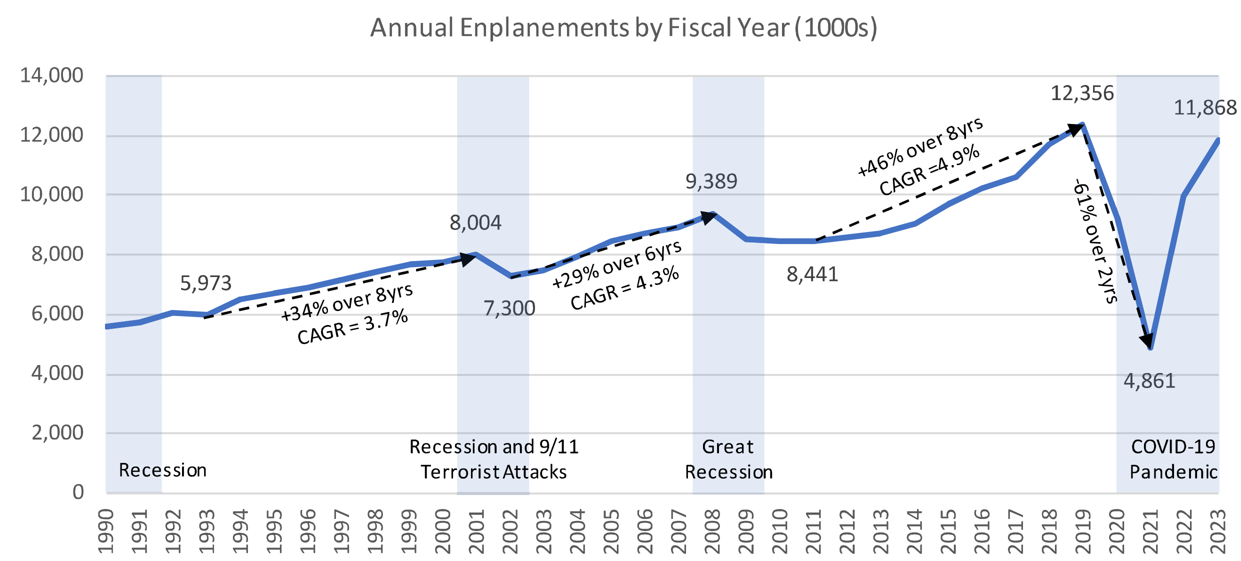
After over three years, the pandemic has ebbed. Unlike the aftermath of the Great Recession, consumers recovered strongly from the deep but brief 2020 recession induced by the pandemic. The job market rebounded strongly: Today, unemployment is historically low, and job openings outnumber job-seekers. Households emerged, on average, with relatively healthy finances and the ability to spend on the pent-up demand for travel. With infections slowing, international travel has been returning as restrictions get lifted, including China's three-year-long border restrictions and closure to foreign visitors, which reopened as of March 2023. However, international travel recovery is hampered instead by geopolitical reasons, including the ongoing war between Russia and Ukraine that began in early 2022.

3.2.2 | Long-Term Historical Trends at SAN

Historically, SAN's passenger traffic grew and declined with the U.S. economy, a major driver of the San Diego MSA economy and overall demand for air travel (Figure 48 and Figure 49). Just as SAN enjoys growing traffic during economic expansions, the normal state of the economy, SAN also experiences declines in traffic during economic downturns, typically brief, with each turn of the business cycle. However, the traffic downturns generally are more pronounced than the proportional declines in GDP due to compounding events—for example, the terrorist attacks in 2001, the airline capacity rationalization following the Great Recession, and the recent pandemic and associated social distancing and travel restrictions. Additionally, the 2001 and 2008-2009 recessions were followed by "jobless" recoveries, which held back leisure travel, a significant traffic segment for SAN. SAN's enplanements took several years to recover: 3+ years following the 2001 downturn and 6+ years following the Great Recession. The experience in the current recovery from the pandemic is different: households have jobs and money to spend, and pent-up demand has spurred a strong rebound in leisure travel. However, remote work and the accelerated adoption of virtual conferencing technology are slowing business travel recovery.

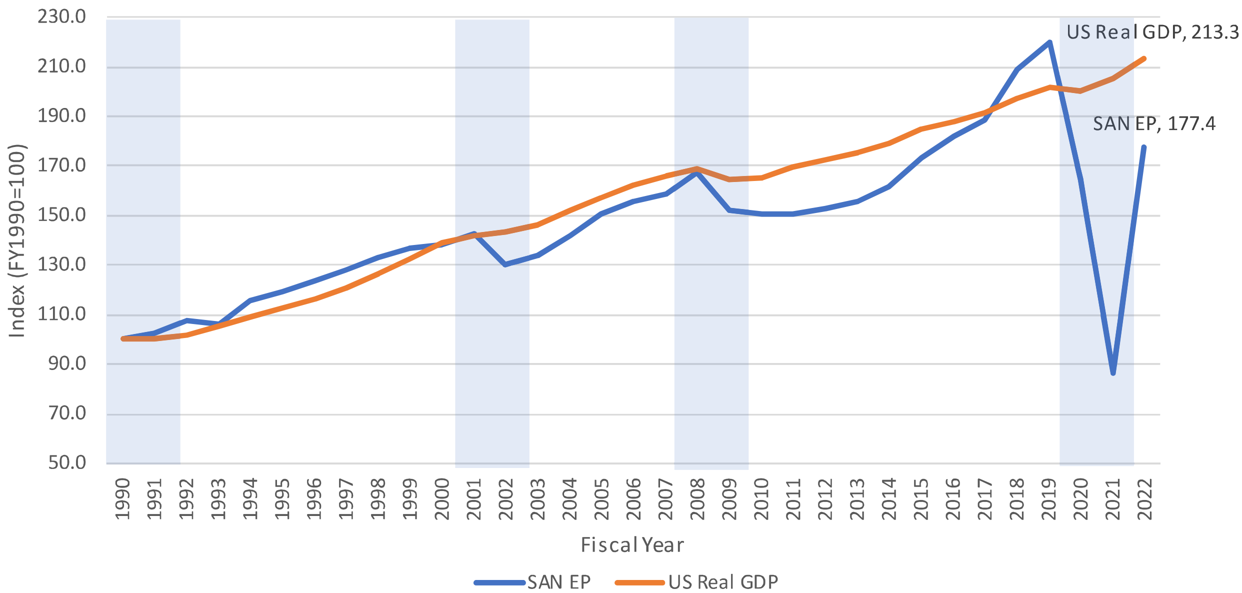
Following each downturn, SAN's enplanements recover and eventually grow to set new records. From FY1990 to FY2019, SAN's enplanements grew by 120 percent overall, a 2.8 percent CAGR, to the current all-time high record of 12.4 million. The growth leading up to this record was driven by sustained economic expansion and renewed profitability and capacity expansion in the U.S. airline industry. In 2020, passenger traffic declined to unprecedented low levels at airports nationwide. At SAN, annual enplanements decreased through FY2020 and FY2021, down to 4.9 million in FY2021, an overall drop of 61 percent from its peak FY2019 enplanements. From FY2021 to FY2022, SAN made a relatively strong rebound as enplanements doubled to 9.95 million. Recovery continued further up to 11.9 million enplanements in FY2023, only 4.0 percent below its FY2019 peak.

Figure 48 | Historical Annual Enplanement Trends at SAN, FY1990-FY2023



Source: Airport records.

Figure 49 | SAN Enplanement and U.S. Real GDP Growth (FY1990=100), FY1990-FY2022



Sources: Airport records and U.S. Bureau of Economic Analysis.

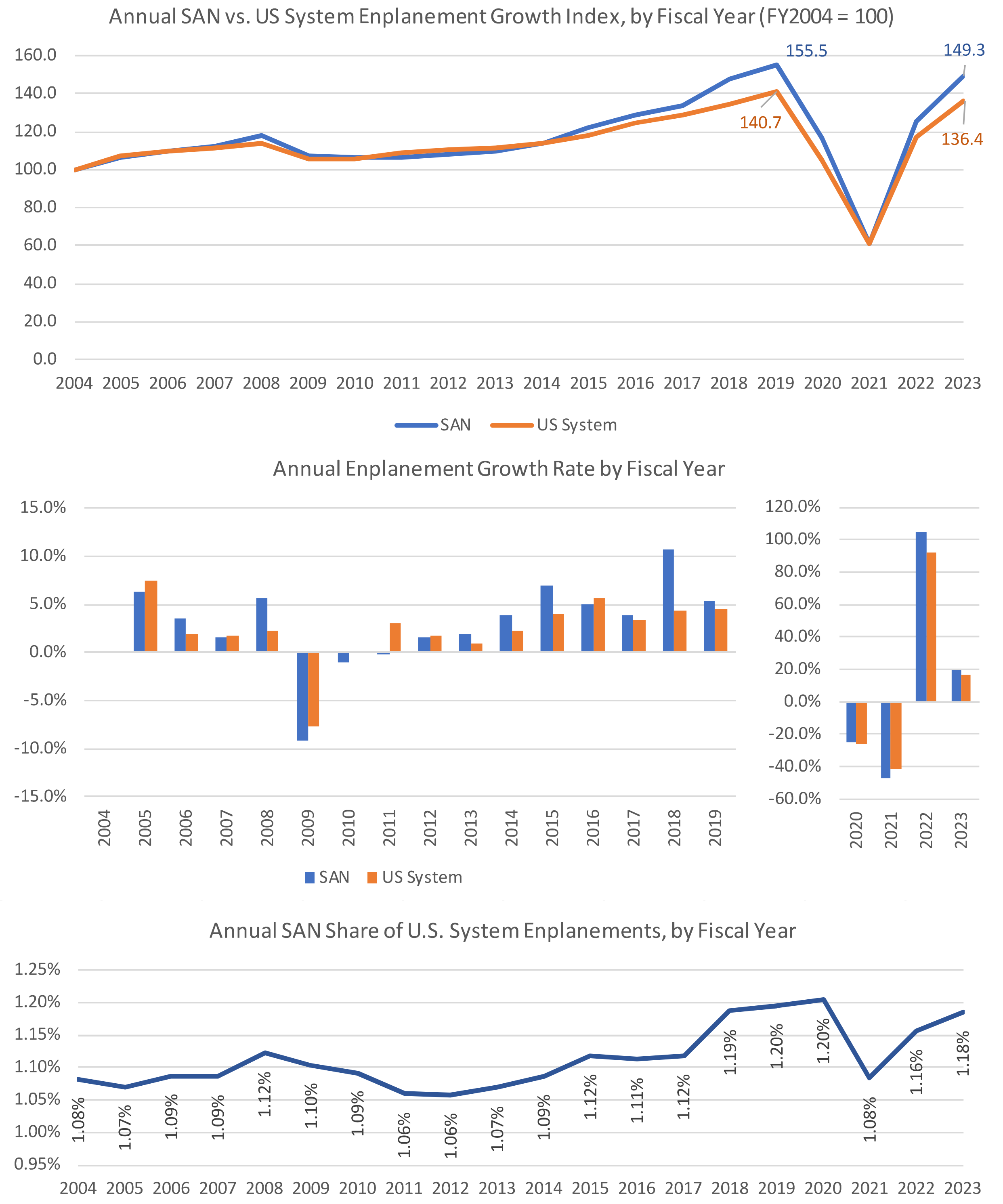
3.2.3 | Comparison with U.S. System Enplanement Trends

Figure 50 and Table 7 show that, from FY2004 through FY2023, SAN's passenger traffic growth tracked and eventually outpaced the national trend from FY2014 onward. The U.S. system growth kept a steady upward pace, while SAN's activity accelerated toward the tail end of the 2010s—particularly in FY2018 when SAN's annual growth rate of 10.7 percent more than doubled the U.S. system's 4.3 percent. By 2019, SAN's enplanements had grown 55.5 percent since its FY2004 level, while the U.S. system rose 40.7 percent above its FY2004 level. As a result, SAN's share of U.S. system enplanements also increased from 1.08 percent in FY2004 to 1.20 percent in FY2019.

SAN and the rest of the U.S. aviation industry faced steep losses in FY2020, which accelerated in FY2021 for a total drop of 61 percent in SAN's enplanements over those two years, slightly greater than the U.S. system's total drop of 57 percent. As a result, SAN's share of U.S. system enplanements decreased to 1.08 percent in FY2021.

SAN and the U.S. system made strong recovery progress through FY2022 and FY2023, growing a total 144.1 percent and 123.2 percent over those two years from their low FY2021 numbers, respectively. SAN's faster recovery restored most of its former share of U.S. system enplanements to 1.18 percent in FY2023.

Figure 50 | Annual SAN vs. U.S. System Enplanement Growth Trends, FY2004-FY2023



Sources: Airport records for SAN and the Bureau of Transportation Statistics for the U.S. system.
Note: U.S. system annual totals are recalculated to align with SAN's fiscal year (July 1-June 30).

Table 7 | Annual SAN vs. U.S. System Enplanements, FY2004-FY2023

FY	SAN EP (1000s)	SAN AGR	US System EP (1000s)	US System AGR	SAN Share of US Total
2004	7,947		734,254		1.08%
2005	8,449	6.3%	789,211	7.5%	1.07%
2006	8,750	3.6%	804,674	2.0%	1.09%
2007	8,892	1.6%	818,854	1.8%	1.09%
2008	9,389	5.6%	836,997	2.2%	1.12%
2009	8,536	-9.1%	773,044	-7.6%	1.10%
2010	8,454	-1.0%	773,996	0.1%	1.09%
2011	8,441	-0.2%	797,134	3.0%	1.06%
2012	8,575	1.6%	810,756	1.7%	1.06%
2013	8,738	1.9%	817,853	0.9%	1.07%
2014	9,082	3.9%	835,947	2.2%	1.09%
2015	9,713	6.9%	868,959	3.9%	1.12%
2016	10,206	5.1%	917,693	5.6%	1.11%
2017	10,596	3.8%	948,014	3.3%	1.12%
2018	11,732	10.7%	988,845	4.3%	1.19%
2019	12,356	5.3%	1,033,425	4.5%	1.20%
2020	9,235	-25.3%	767,044	-25.8%	1.20%
2021	4,861	-47.4%	448,916	-41.5%	1.08%
2022	9,953	104.8%	861,062	91.8%	1.16%
2023	11,868	19.2%	1,001,771	16.3%	1.18%
Compound Annual Growth Rate					
2004-2010	1.0%		0.9%		
2011-2019	4.9%		3.3%		
2019-2023	-1.0%		-0.8%		
2011-2023	2.9%		1.9%		
2004-2023	2.1%		1.6%		

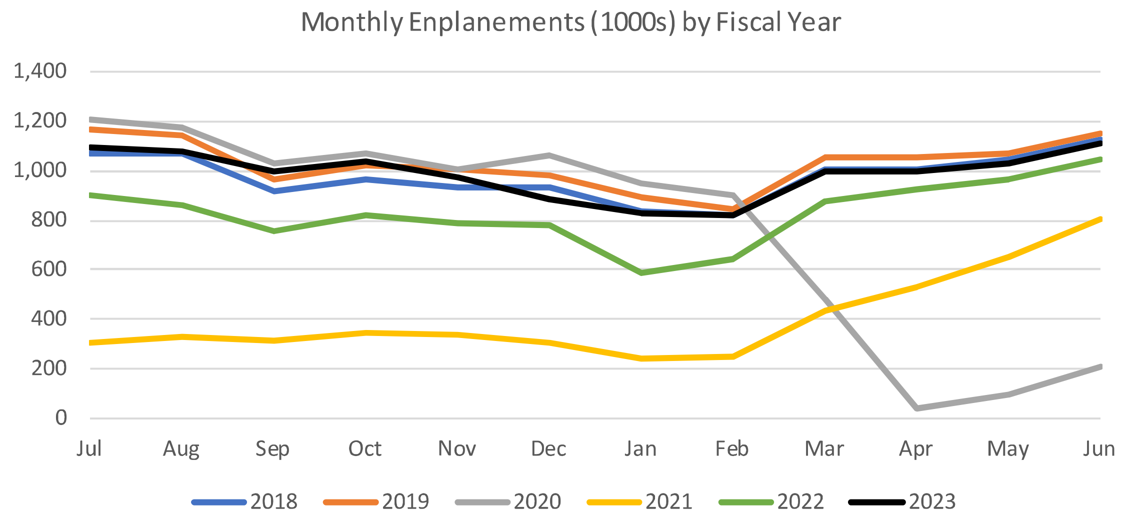
Sources: Airport records for SAN and Bureau of Transportation Statistics for the U.S. system.
Note: U.S. system annual totals are recalculated to align with SAN's fiscal year (July 1-June 30).

3.2.4 | Monthly Enplanement Trends

Figure 49 shows SAN's monthly enplanement levels by fiscal year, from FY2018 through FY2023, while Table 8 shows the monthly enplanement shares of each full fiscal year dating back to FY2010. SAN has maintained a largely consistent monthly pattern since FY2010, with peak months in the summer and its lowest month most often being February, with a recent shift to January (still mid to late winter). The pandemic disrupted this pattern when SAN's enplanements dropped sharply through March and April of FY2020, and travel restrictions and health safety concerns kept enplanements low through most of FY2021. The distribution of vaccines began the recovery process in earnest, and monthly enplanements began to grow steadily. FY2022 returned to SAN's usual monthly patterns, but with enplanement levels still notably lower than its pre-pandemic

FY2018 and FY2019 levels. FY2023, however, has kept mostly on par with or ahead of FY2018 levels, and only marginally lower than FY2019.

Figure 51 | SAN Monthly Enplanement Trends, FY2018-FY2023



Source: Airport records.

Table 8 | SAN Monthly Enplanements Shares, FY2010-FY2023

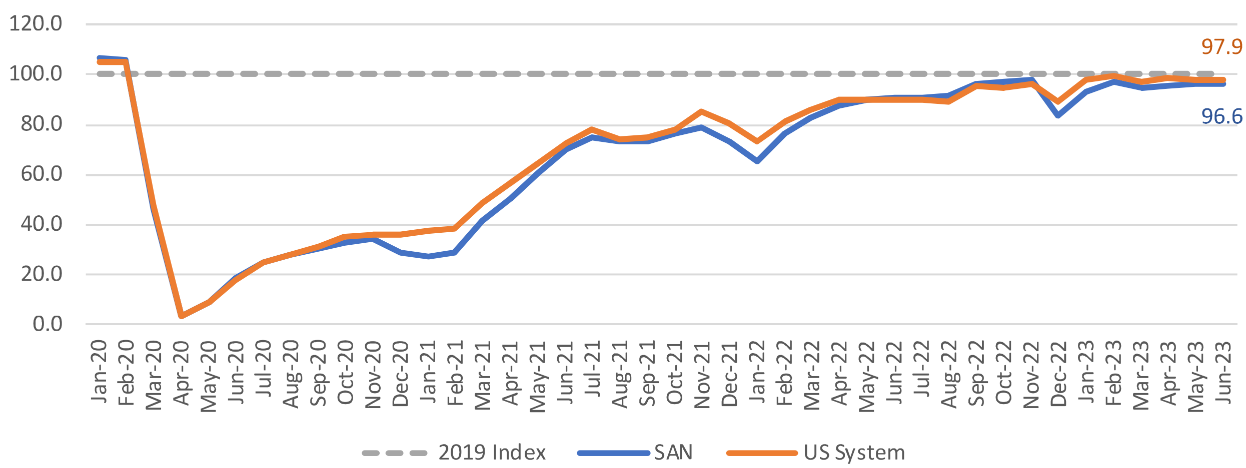
Monthly Enplanements Shares														
Month	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Jul	9.9%	9.6%	9.3%	9.5%	9.3%	9.3%	9.4%	9.1%	9.1%	9.4%	13.1%	6.3%	9.1%	9.3%
Aug	9.7%	9.6%	9.3%	9.5%	9.3%	9.3%	9.2%	9.1%	9.1%	9.2%	12.7%	6.9%	8.6%	9.1%
Sep	7.8%	8.1%	8.2%	8.0%	7.8%	7.8%	8.0%	8.2%	7.9%	7.8%	11.2%	6.4%	7.6%	8.4%
Oct	8.6%	8.6%	8.3%	8.3%	8.1%	8.1%	8.5%	8.4%	8.2%	8.3%	11.6%	7.2%	8.2%	8.8%
Nov	8.1%	8.2%	8.0%	7.9%	7.8%	7.7%	8.0%	8.0%	8.0%	8.1%	10.9%	7.0%	7.9%	8.2%
Dec	8.0%	8.1%	8.3%	7.9%	8.2%	8.1%	8.2%	8.1%	8.0%	8.0%	11.5%	6.3%	7.8%	7.5%
Jan	7.3%	7.3%	7.3%	7.3%	7.4%	7.3%	7.3%	7.0%	7.2%	7.3%	10.3%	5.0%	5.9%	7.0%
Feb	6.8%	6.9%	7.3%	6.9%	7.0%	6.9%	7.1%	6.7%	7.0%	6.9%	9.7%	5.1%	6.5%	6.9%
Mar	8.3%	8.2%	8.5%	8.3%	8.6%	8.6%	8.5%	8.4%	8.6%	8.6%	5.3%	9.0%	8.8%	8.4%
Apr	8.3%	8.2%	8.4%	8.4%	8.6%	8.6%	8.4%	8.5%	8.5%	8.5%	0.4%	10.9%	9.3%	8.4%
May	8.3%	8.4%	8.3%	8.7%	8.6%	8.8%	8.5%	8.9%	8.9%	8.7%	1.0%	13.4%	9.7%	8.7%
Jun	9.0%	9.0%	8.9%	9.3%	9.4%	9.4%	9.0%	9.7%	9.6%	9.3%	2.3%	16.5%	10.5%	9.3%
FY Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Third largest share percentage of annual total.	Third smallest share percentage of annual total.
Second largest share percentage of annual total.	Second smallest share percentage of annual total.
Largest share percentage of annual total.	Smallest share percentage of annual total.

Source: Airport records.

Figure 52 compares monthly enplanement recovery for SAN and the U.S. system relative to the pre-pandemic peak levels in 2019. SAN kept pace with the national recovery. By November 2022, SAN's enplanements reached 97.5 percent of its 2019 level, while the U.S. system recovered to 96.1 percent. However, both SAN and the national trend experienced a brief downturn in recovery in December 2022—partly due to flight cancellations related to severe weather and Southwest Airlines' crew scheduling system failure. SAN was a bit slower to return to an upward trend—as of June 2023, SAN was at 96.6 percent of its June 2019 level, slightly under the U.S. system's 97.9 percent recovery rate.

Figure 52 | SAN vs. U.S. System Monthly Enplanement Recovery Index (2019 = 100), January 2020-June 2023



Sources: Airport records for SAN and Bureau of Transportation Statistics for the U.S. system.

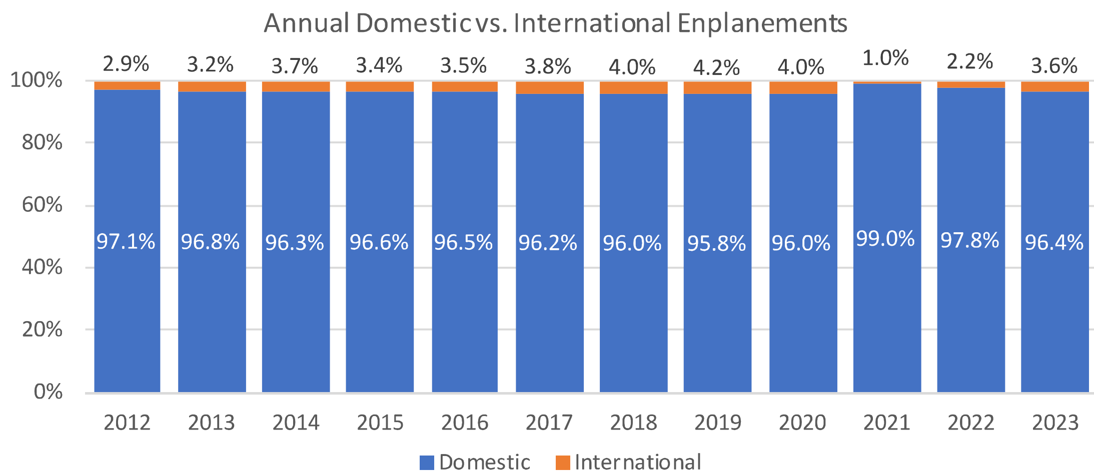
3.3 | Composition of Passenger Traffic

SAN serves primarily O&D traffic, which has consistently accounted for at least 96 percent of total enplanements. O&D traffic is a more stable air service market than connecting traffic. It arises from market demand and generally follows growth in both the local and national economies. Unlike connecting traffic, O&D traffic is less vulnerable to changes in individual airlines' network strategies, business models, and financial conditions. Of SAN O&D traffic, residents account for approximately 44-46 percent, while visitors account for 54-56 percent, based on the U.S. Department of Transportation's DB1B data. These relative shares have been consistent since 1995.

SAN also serves primarily domestic traffic. However, the share of international traffic at the Airport had grown from 2.9 percent in FY2012 to 4.2 percent in FY2019 (Figure 53 and Table 9). Due to international travel restrictions during the pandemic, this share dropped to 1 percent in FY2021. International traffic has since begun to recover thanks to lower infection rates and the easing of international restrictions, though it has yet to reach its pre-pandemic FY2019 share. International enplanements made up 2.2 percent of SAN's traffic in FY2022, and that share continued to grow to 3.6 percent in FY2023.

The expansion of international air service began after FY2009 when Air Canada and WestJet increased nonstop service to Canada. British Airways began daily nonstop service to London in June 2011, and Japan Airlines began nonstop service daily to Tokyo in December 2012. Additional international service to Europe also started in the summer of 2017. Condor and Edelweiss Air operated seasonal service to Frankfurt, Germany, and Zürich, Switzerland, respectively. Although Condor's flights ended in October 2017, Lufthansa began nonstop service to Frankfurt in March 2018. Air Transat announced plans to offer service from Montreal to SAN, and Swoop announced plans to offer service from Edmonton to SAN, both beginning in the Summer of 2020, but COVID-19 spread to a global pandemic in March 2020 and caused the suspension of all international service in April 2020. The following international services eventually resumed: Alaska Airlines to Mexico (since May 2020), Japan Airlines (since March 2021), Southwest Airlines to Mexico (since March 2021), Air Canada (since August 2021), WestJet (October 2021), and British Airways (October 2021). Swoop, an ultra-low cost carrier owned by WestJet, briefly provided seasonal service at SAN to Edmonton, Canada, and bolstered the Airport's international traffic recovery for a brief time in FY2022, before ceasing service in FY2023 and eventually shutting down later this year.

Figure 53 | SAN Annual Domestic and International Enplanement Shares, FY2012-FY2023



Source: Airport records.

Table 9 | SAN Annual Domestic and International Enplanements, FY2012-FY2023

	Domestic		International		
FY	EP (1000s)	Share	EP (1000s)	Share	Total
2012	8,323	97.1%	252	2.9%	8,575
2013	8,461	96.8%	277	3.2%	8,738
2014	8,746	96.3%	337	3.7%	9,082
2015	9,381	96.6%	332	3.4%	9,713
2016	9,849	96.5%	357	3.5%	10,206
2017	10,195	96.2%	402	3.8%	10,596
2018	11,258	96.0%	474	4.0%	11,732
2019	11,833	95.8%	524	4.2%	12,356
2020	8,865	96.0%	370	4.0%	9,235
2021	4,810	99.0%	51	1.0%	4,861
2022	9,737	97.8%	216	2.2%	9,953
2023	11,441	96.4%	427	3.6%	11,868
Compound Annual Growth Rate					
2000-2010	0.8%		3.3%		0.8%
2011-2019	4.5%		19.6%		4.9%
2019-2023	-0.8%		-5.0%		-1.0%
2011-2023	2.7%		10.8%		2.9%
2000-2023	1.7%		7.4%		1.9%

Source: Airport records.

3.4 | Enplanements by Airline

SAN's top five passenger carriers by number of enplanements are Southwest Airlines, Alaska Airlines, United Airlines, Delta Air Lines, and American Airlines. These five carriers consistently accounted for roughly 89 to 92 percent throughout the past decade from FY2012 to FY2022 (Figure 54 and Table 10). Southwest has maintained a strong presence at the Airport, even with the grounding of its Boeing 737 MAX aircraft for over a year from March 13, 2019, through November 18, 2020. However, its share of annual enplanements decreased to 33.5 percent in FY2021 from a steady 37 to 38 percent in the past decade. Southwest's reduced share persisted into FY2022, only slightly recovering to 34.1 percent. That year, American's share also shrank from its 15.8 percent peak in FY2021 to 12.4 percent in FY2022, while Alaska, United, and Delta's shares expanded.

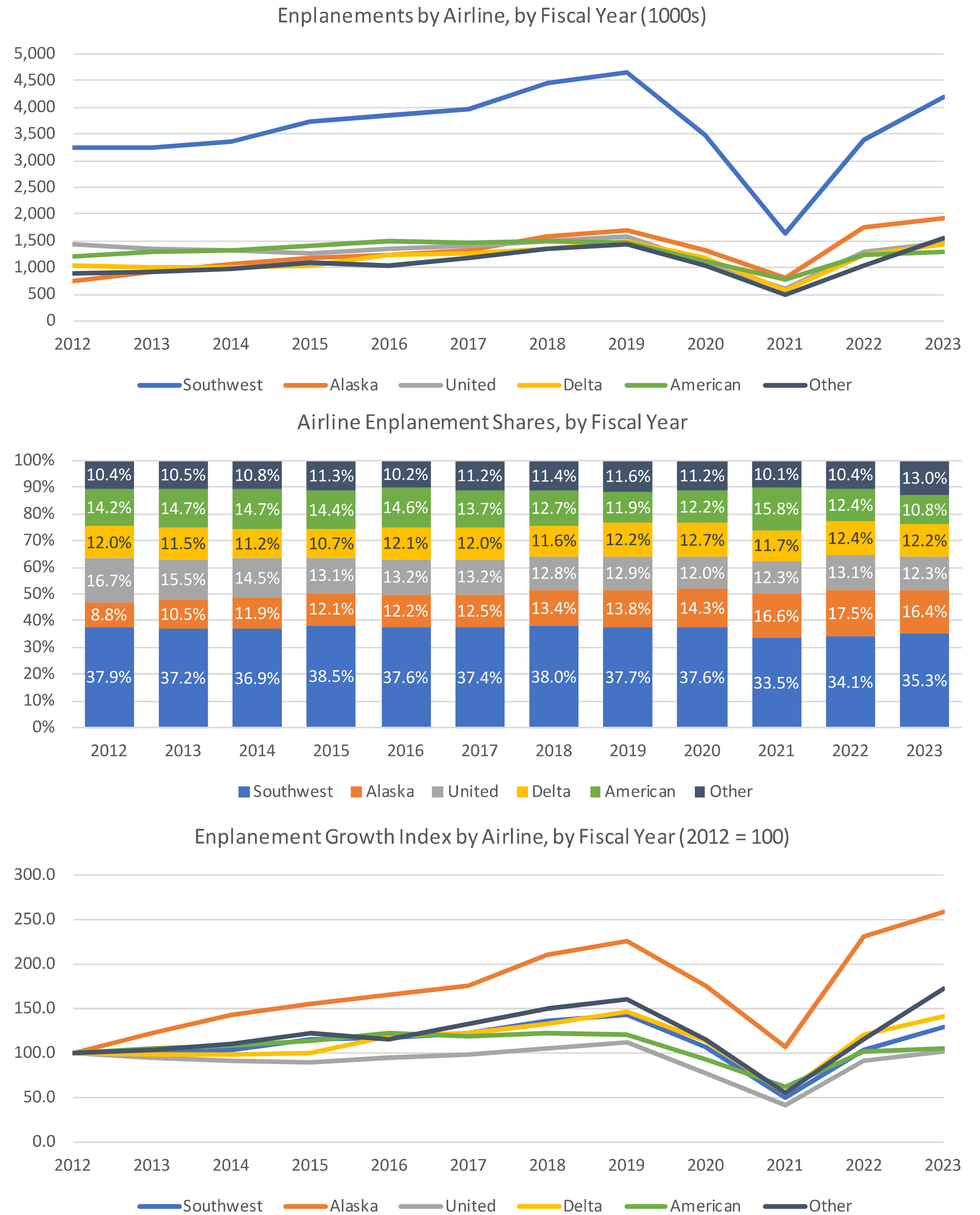
Alaska was the fastest growing airline at SAN. Its enplanements at SAN more than doubled from 752,000 in FY2012 to 1.7 million in FY2019, which has since further increased post-recovery, as discussed in the following paragraphs that address changes in FY2020 through FY2023. Alaska developed San Diego into a focus city, adding new flights and destinations. Over the same period, Southwest and Delta grew their enplanements by 43 percent and 46 percent, respectively. American and United were the slowest to grow, with their enplanements increasing only 20 percent and 12 percent, respectively.

The sharp drop in traffic in April 2020 hit all airlines' total enplanements in FY2020. This effect became more apparent as the next fiscal year started during the resulting recession. Southwest endured the most significant decline for a single airline, falling a total of 65 percent from FY2019 to FY2021. United and Delta both decreased 62.3 percent over the same period, Alaska fell 52.6 percent, and American saw the least severe (but still significant) decline of 47.7 percent.

FY2022 and FY2023 brought along strong recovery for most airlines at SAN. Most airlines more than doubled their enplanement counts in FY2022 from their low FY2021 numbers, with Delta bouncing back with 118.0 percent growth, United with 117.8 percent, Alaska with 115.7 percent, and Southwest with 108.5 percent. Though American had the smallest decline through FY2020 and FY2021, it recovered the least, rising only 61.3 percent. Recovery across all airlines continued through FY2023, albeit slower. However, the "Other" category of airlines maintained its growth rate, thanks to the continued recovery of international travel. As a result, the "Other" category surpassed American, Delta, and United in share size in FY2023.

At the end of FY2023, Southwest continued to lead with 4.2 million enplanements (a 35.3 percent share of SAN's market), followed by Alaska with 1.9 million (a 16.4 percent share), then United and Delta both with 1.5 million each (a 12.3 and 12.2 percent share, respectively), and finally American holds the fifth largest single share with 1.3 million enplanements (a 10.8 percent share). The rest of the airlines at SAN collectively compose the remaining 1.5 million enplanements in FY2023 (a 13.0 percent share).

Figure 54 | SAN Annual Enplanement Trends by Airline, FY2012-FY2023



Source: Airport records.

Table 10 | Annual Enplanements by Airline, FY2012-FY2023

Enplanements by Airline, by Fiscal Year (1000s)												
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Southwest	3,252	3,253	3,353	3,737	3,840	3,967	4,459	4,656	3,475	1,628	3,394	4,190
Alaska	752	919	1,079	1,173	1,250	1,326	1,576	1,702	1,325	807	1,741	1,941
United	1,429	1,354	1,317	1,271	1,348	1,397	1,502	1,593	1,106	600	1,307	1,459
Delta	1,030	1,006	1,015	1,037	1,234	1,269	1,362	1,505	1,168	568	1,238	1,452
American	1,219	1,285	1,333	1,399	1,495	1,454	1,493	1,468	1,128	768	1,238	1,282
Other	893	920	985	1,096	1,039	1,183	1,339	1,432	1,033	491	1,036	1,543
Total	**8,575**	**8,738**	**9,082**	**9,713**	**10,206**	**10,596**	**11,732**	**12,356**	**9,235**	**4,861**	**9,953**	**11,868**
AGR		1.9%	3.9%	6.9%	5.1%	3.8%	10.7%	5.3%	-25.3%	-47.4%	104.8%	19.2%

Enplanement Shares by Airline, by Fiscal Year												
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Southwest	37.9%	37.2%	36.9%	38.5%	37.6%	37.4%	38.0%	37.7%	37.6%	33.5%	34.1%	35.3%
Alaska	8.8%	10.5%	11.9%	12.1%	12.2%	12.5%	13.4%	13.8%	14.3%	16.6%	17.5%	16.4%
United	16.7%	15.5%	14.5%	13.1%	13.2%	13.2%	12.8%	12.9%	12.0%	12.3%	13.1%	12.3%
Delta	12.0%	11.5%	11.2%	10.7%	12.1%	12.0%	11.6%	12.2%	12.7%	11.7%	12.4%	12.2%
American	14.2%	14.7%	14.7%	14.4%	14.6%	13.7%	12.7%	11.9%	12.2%	15.8%	12.4%	10.8%
Other	10.4%	10.5%	10.8%	11.3%	10.2%	11.2%	11.4%	11.6%	11.2%	10.1%	10.4%	13.0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Airport records.

3.5 | Scheduled Passenger Service

Table 11 and Figure 55 summarizes the trends in scheduled passenger service at SAN, by calendar year, from 2018 through the advance schedules of 2023. Scheduled passenger service consists of three different measures for every calendar year: number of nonstop destinations, average daily departures, and average daily seats.

Following a sharp decline (44 percent) in 2020, SAN's scheduled departures and seats have been steadily recovering. However, they have not yet reached their pre-pandemic levels, with an average of 261 departures and 41,480 seats per day in 2023, based on advance schedules. Unlike departures and seats, unique nonstop destinations from SAN decreased in 2019 instead of 2020, from 75 to 71. The number has since been steadily rising, and surpassed its pre-pandemic levels with 80 unique destinations according to 2023's advance schedules.

Similar to the trends in enplanements discussed previously, Southwest provides the highest number of flights and seats at SAN. Southwest's peak service at SAN was in 2019, with an average of 113 daily departures and 17,045 seats per day. These two numbers fell to 65 departures and 9,962 seats in 2020, and recovered to 95 and 14,799, respectively, in 2022. 2023's advance schedules show further increases to an average of 99 departures and 15,460 seats per day. Southwest previously held the record for the most unique destinations served by an individual airline at the Airport, with a peak of 36 nonstop destinations in 2019, but a drop to 33 in 2020 and a second drop to 30 in 2023's advance schedules have brought Southwest's number of destinations below that of Alaska, which has 36 nonstop destinations as of 2023, and United, which has 31.

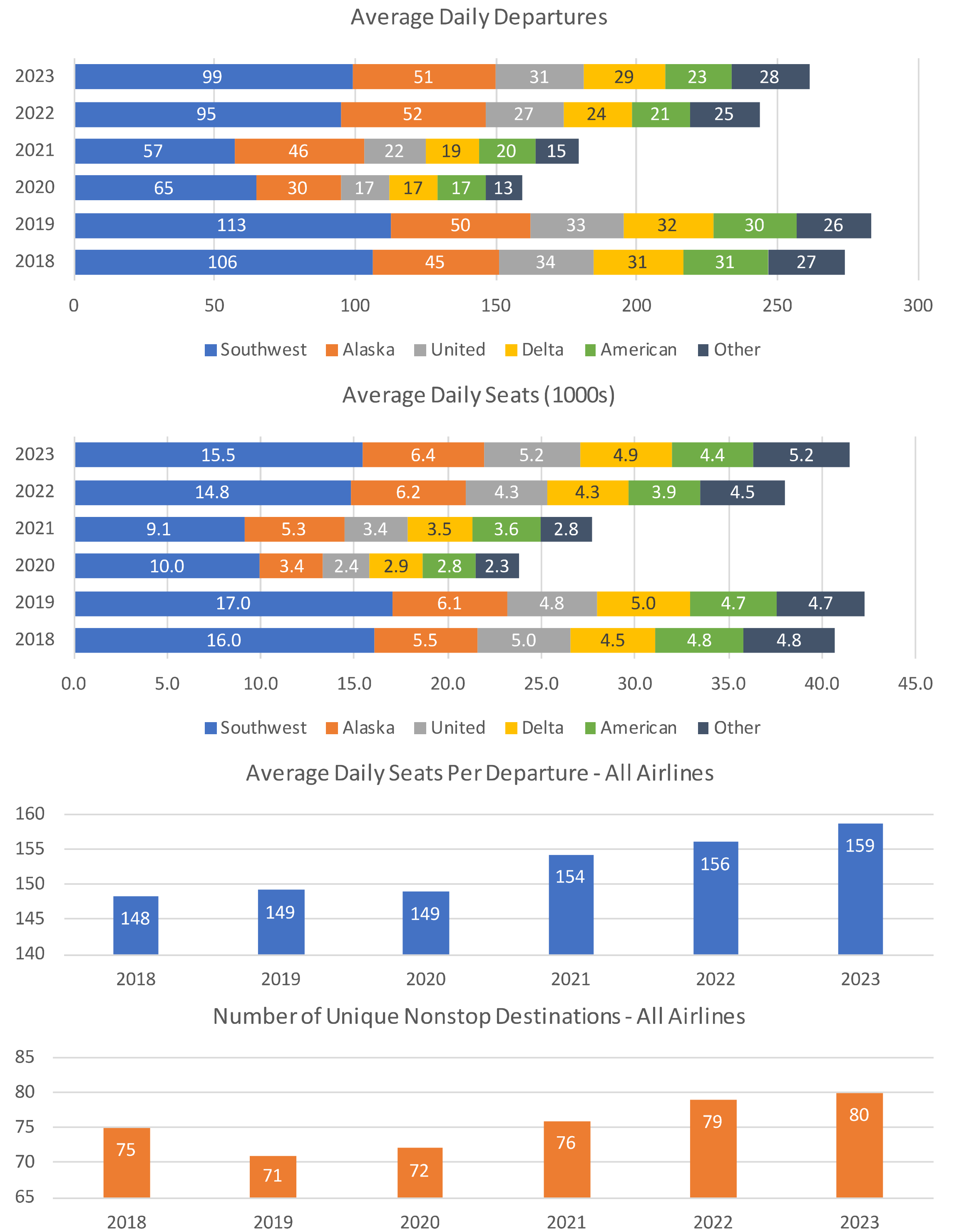
Overall, SAN has seen an increase in the average seat capacity on each flight, from 148 seats in 2018 to 159 seats in 2023, based on advance schedules. Airlines have been renewing their fleets with larger aircraft. American Airlines appears to be the largest contributor pulling up the Airport's average, having grown seat capacity per departure from 155 in 2018 to 188 in 2023.

Table 11 | Annual Scheduled Passenger Service at SAN, CY2018-CY2023

Scheduled Service at SAN, by Calendar Year						
Airline	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Southwest						
Number of Nonstop Destinations	34	36	33	32	32	30
Average Daily Departures	106	113	65	57	95	99
Average Daily Seats	16,045	17,045	9,962	9,106	14,799	15,460
Alaska						
Number of Nonstop Destinations	31	31	31	33	34	36
Average Daily Departures	45	50	30	46	52	51
Average Daily Seats	5,495	6,099	3,390	5,324	6,186	6,443
United						
Number of Nonstop Destinations	7	8	7	7	7	7
Average Daily Departures	34	33	17	22	27	31
Average Daily Seats	5,027	4,826	2,447	3,380	4,337	5,153
Delta						
Number of Nonstop Destinations	8	8	8	7	8	9
Average Daily Departures	31	32	17	19	24	29
Average Daily Seats	4,502	4,959	2,869	3,494	4,293	4,904
American						
Number of Nonstop Destinations	8	8	9	6	6	6
Average Daily Departures	31	30	17	20	21	23
Average Daily Seats	4,752	4,672	2,834	3,637	3,875	4,366
Other						
Number of Nonstop Destinations	19	14	13	13	17	17
Average Daily Departures	27	26	13	15	25	28
Average Daily Seats	4,834	4,662	2,258	2,757	4,534	5,153
All Airlines						
Number of Nonstop Destinations	75	71	72	76	79	80
Average Daily Departures	274	283	160	180	244	261
Average Daily Seats	40,655	42,263	23,760	27,698	38,024	41,480

Source: Cirium Diio Mi, provided by the Airport.

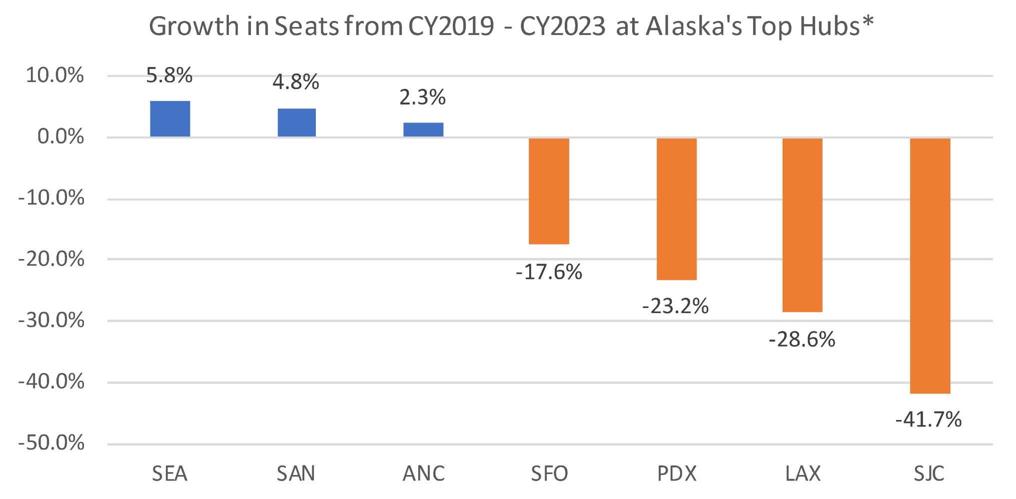
Figure 55 | SAN Annual Scheduled Passenger Service Trends, CY2018-CY2023



Source: Cirium Diio Mi, provided by the Airport.

Figure 56 focuses on scheduled seats for Alaska Airlines, and shows the total percent growth in seats from CY2019 through the advance schedules of CY2023 at seven of Alaska's largest stations. Among these airports, SAN shows the second highest percentage increase in seats since CY2019, with a 4.8 percent growth. SAN is second only to Seattle-Tacoma International Airport (SEA), which has a growth of 5.8 percent. Among Alaska's largest California hubs, SAN is the only with a net positive growth over the sampled period.

Figure 56 | Total Percent Growth in Alaska Airlines Seats from CY2019-CY2023 at Alaska's Top Hubs



Source: OAG Schedules Analyzer, last accessed August 8, 2023.
*Excludes LAS, due to Alaska Airlines not having been present at LAS in 2019.

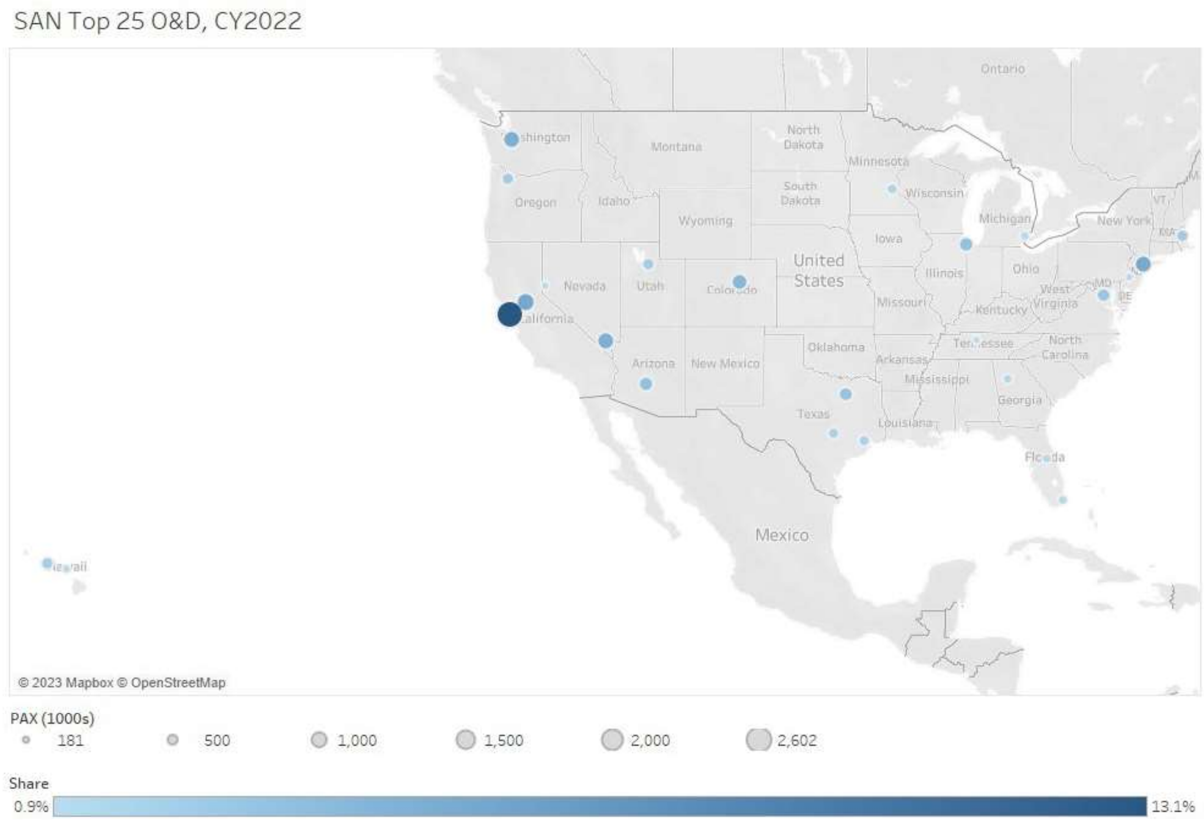
3.6 | Top Domestic O&D Markets

Figure 57 shows SAN's top 25 O&D metro markets in CY2022. Metro markets are ranked by share of SAN's total 2022 O&D passengers. Altogether, the top 25 O&D airport markets made up 67 percent of O&D passengers at SAN. San Francisco held the largest share with 13.1 percent, far above the rest of SAN's markets. Another California metropolitan area, Sacramento is second with a 5.6 percent share. New York City held the third largest share, with 5.4 percent. Seattle and Las Vegas were almost equal with a similar 4.9 percent share each, though Seattle is placed above at fourth while Las Vegas rounds out the top five.

With two of its top five O&D airport markets both in California, and San Francisco holding a share far larger than any other market, SAN's largest state market by a substantial margin is its home state with an 18.7 percent total share of the Airport's O&D passengers.

Figure 57 | SAN Top 25 O&D Metro Markets, CY2022

2022 SAN Top 25 O&D Metro Markets			
Rank	**Dest**	**State**	**Share**
1	San Francisco	CA	13.1%
2	Sacramento	CA	5.6%
3	New York City	NY	5.4%
4	Seattle	WA	4.9%
5	Las Vegas	NV	4.9%
6	Denver	CO	4.1%
7	Phoenix	AZ	3.4%
8	Chicago	IL	3.4%
9	Dallas/Fort Worth	TX	3.2%
10	Washington	DC	3.0%
11	Boston	MA	2.5%
12	Portland	OR	2.4%
13	Salt Lake City	UT	2.3%
14	Honolulu	HI	2.2%
15	Austin	TX	2.0%
16	Houston	TX	1.8%
17	Minneapolis/St. Paul	MN	1.8%
18	Atlanta	GA	1.5%
19	Miami	FL	1.4%
20	Orlando	FL	1.3%
21	Detroit	MI	1.2%
22	Philadelphia	PA	1.1%
23	Kahului	HI	1.1%
24	Nashville	TN	0.9%
25	Reno	NV	0.9%
	Top 25 Subtotal		75.6%
	Other		24.4%
	Total		**100.0%**



Source: DB1B.

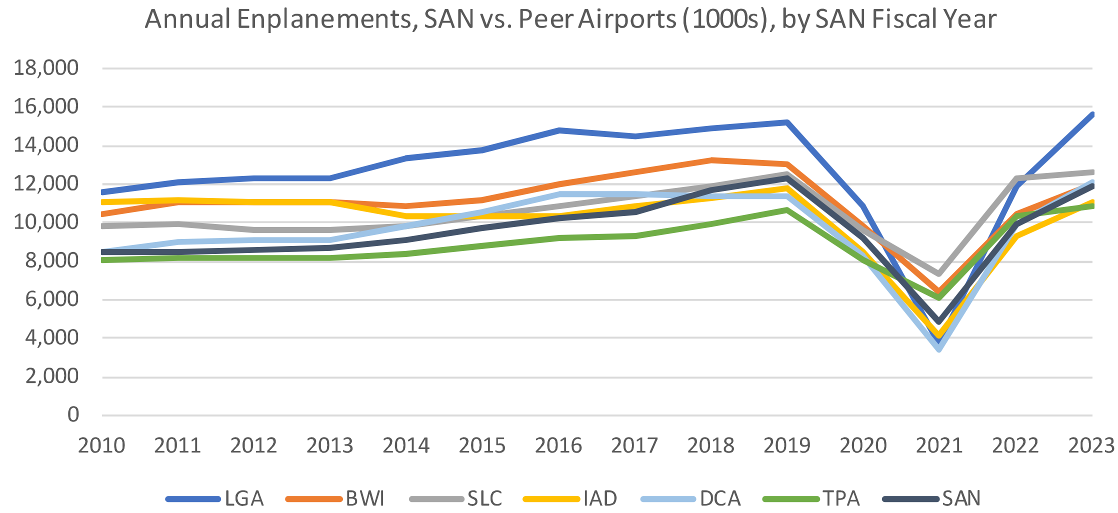
3.7 | Comparison with Other Airports

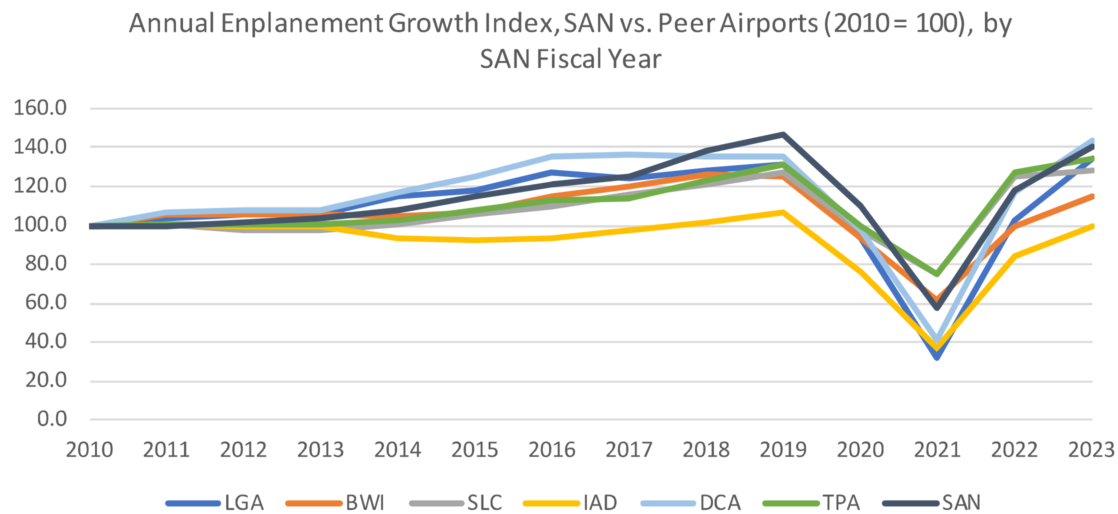
This subsection compares SAN's air traffic and market fare history with six peer airports having the closest ranking to SAN by enplanement count in 2019 before the pandemic. These airports include LaGuardia Airport (LGA), Baltimore/Washington International Airport (BWI), and Salt Lake City International Airport (SLC) as the three closest airports ranking above SAN, as well as Washington Dulles International Airport (IAD), Ronald Reagan Washington National Airport (DCA), and Tampa International Airport (TPA) as the three closest airports ranking below SAN.

3.7.1 | Comparison of Enplanement Trends

Figure 58 shows annual enplanements at SAN and its six peer airports from FY2010 to FY2023 and growth indexed to FY2010. SAN's relative rank among its sampled peers has slowly risen over the 2010s. SAN started with the second lowest enplanements just above TPA in FY2010. It eventually surpassed IAD and DCA to reach its middle position in FY2019, maintaining it through the FY2020 pandemic-induced decline. However, DCA's faster recovery pushed SAN's ranking down to the lower half of the sampled airports' enplanement counts as of FY2023.

Figure 58 | SAN vs. Peer Airport Enplanement Trends, by SAN Fiscal Year, FY2010-FY2023





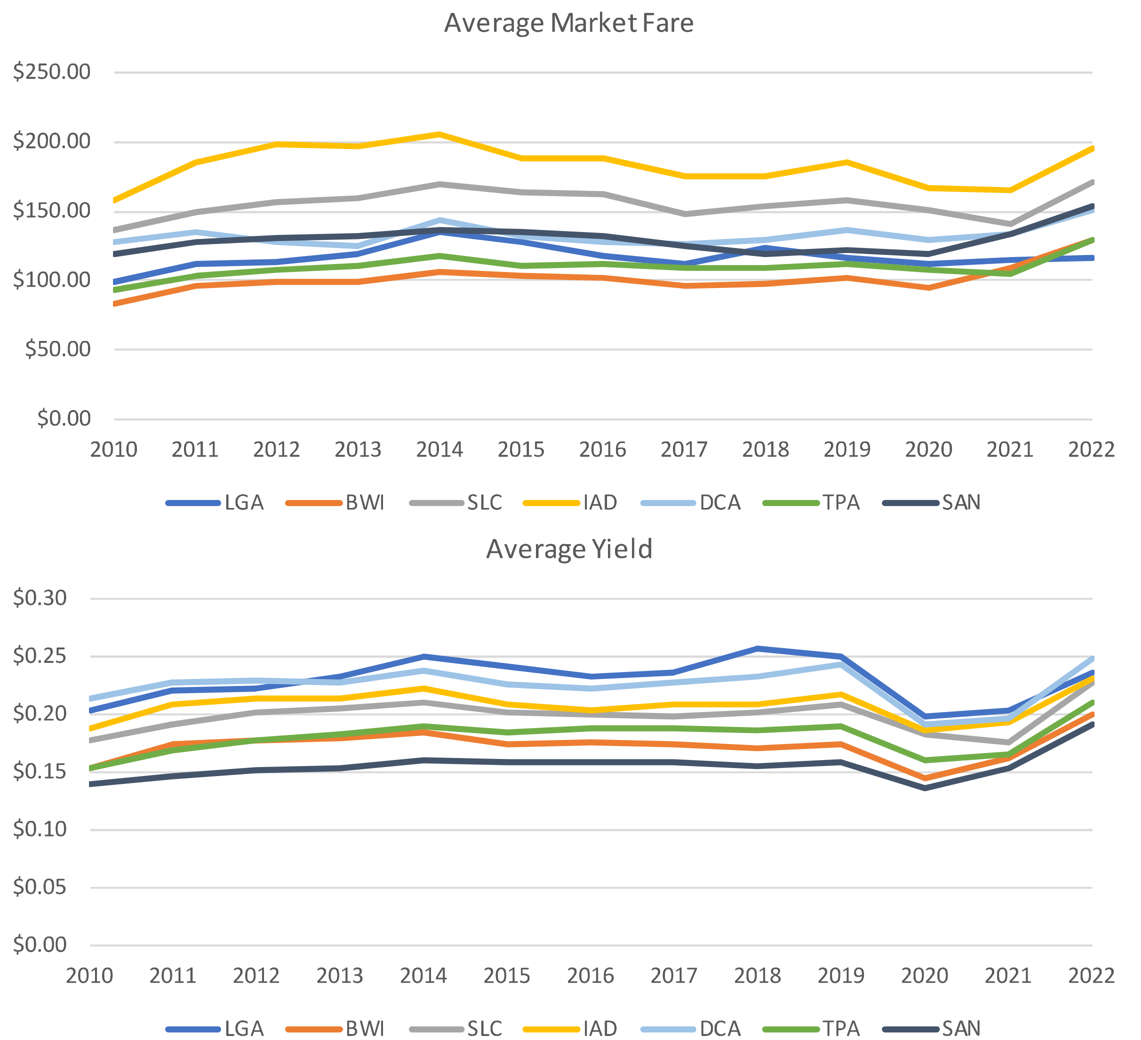
Sources: Airport records for SAN and Bureau of Transportation Statistics for other airports.
Note: Annual totals for other airports have been recalculated to align with SAN's fiscal year (July 1-June 30).

3.7.2 | Comparison of Market Fare and Yield Trends

Figure 59 shows annual average market fare and average yield trends in current dollars for SAN and its six peer airports, this time by calendar year from 2010 to 2022. SAN's annual average market fare has stayed mainly in the middle of its peers, with an average market fare of $119 in 2010 that slowly rose to $137 before trending slowly back down to $119 in 2020. After the onset of the pandemic, however, SAN's market fare began to rise above its previous history, much like most of its peers, and so far, has reached a new peak of $153 as of 2022. SAN continues to sit in the middle of the market fare range of its peers in 2022, with IAD continuing to maintain the highest fare by a noticeable margin with an annual average of $196, and LGA having recently moved to the lowest among the sample airports with an average of $116.

Unlike its market fare trend, SAN has consistently had the lowest average yield among the seven sampled airports throughout its available history, reflecting longer air travel distances. SAN's annual average yield hovered between $0.14 and $0.16 from 2010 to 2021, until it rose with all the other airports in 2022 and reached $0.19.

Figure 59 | SAN vs. Peer Airport Market Fare and Yield (in Current Dollars), by Calendar Year, CY2010-CY2022

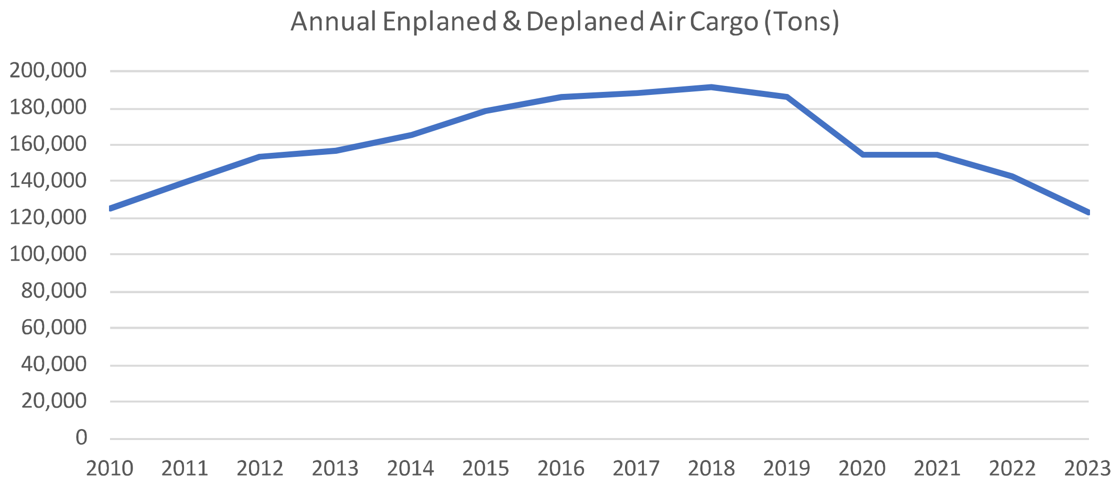


Source: DB1B.

3.8 | Air Cargo

Figure 60 charts SAN's annual air cargo trends, showing the annual total of enplaned and deplaned cargo at the Airport from FY2010 to FY2023. Overall, cargo activity experienced steady growth through the 2010s, from about 125,000 tons in FY2010 to a peak of roughly 191,000 tons in FY2018. SAN's cargo faced a minor decrease in FY2019, but the pandemic brought a substantial drop in FY2020, down to 154,000 tons. That level stayed essentially the same in FY2021, and further decreased to approximately 142,000 tons in FY2022. Cargo tonnage reduced another 13.2 percent as of FY2023, down to approximately 124,000 tons.

Figure 60 | SAN Annual Enplaned & Deplaned Cargo, FY2010-FY2023

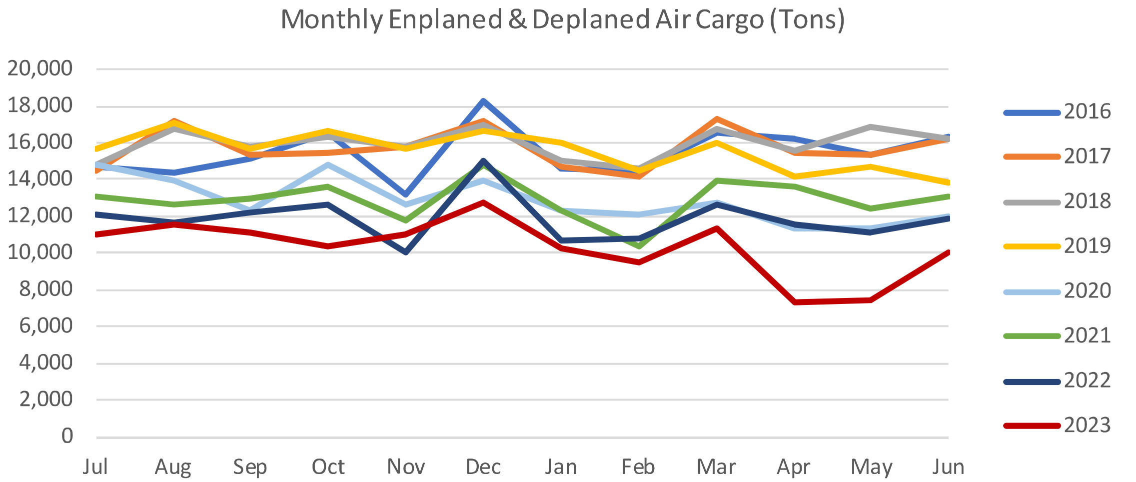


Source: Airport records.

Figure 61 details SAN's enplaned and deplaned cargo by month, from FY2016 through FY2023, and Table 12 breaks down each month's percent share of its respective fiscal year's total cargo. Monthly cargo patterns are somewhat erratic at SAN, with no significantly higher peaks or lower troughs, and almost every month holding at least a 7 percent share of its year's cargo. Three exceptions include February of FY2021 with a 6.7 percent (10,346 tons), April of FY2023 with a 5.9 percent share (7,315 tons), and May of FY2023 with a 6.0 percent share (7,434 tons).

However, one near-consistent peak month is December, which held the largest share of cargo every year except FY2019 and FY2020. Even then, however, SAN's peak months are not drastically higher than others, ranging from a share of 8.9 percent (in December FY2018 with 16,936 tons) to SAN's largest single monthly share of 10.5 percent (in December FY2022 with 15,006 tons).

Figure 61 | SAN Monthly Enplaned & Deplaned Cargo, FY2016-FY2023



Source: Airport records.

Table 12 | SAN Monthly Enplaned & Deplaned Cargo Shares, FY2016-FY2023

Monthly Enplaned & Deplaned Cargo Shares								
Month	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Jul	7.9%	7.7%	7.8%	8.4%	9.6%	8.5%	8.5%	8.9%
Aug	7.8%	9.1%	8.8%	9.2%	9.0%	8.2%	8.2%	9.3%
Sep	8.1%	8.2%	8.3%	8.4%	8.0%	8.4%	8.6%	9.0%
Oct	8.9%	8.2%	8.6%	8.9%	9.6%	8.8%	8.9%	8.4%
Nov	7.1%	8.3%	8.2%	8.4%	8.2%	7.6%	7.0%	8.9%
Dec	9.8%	9.1%	8.9%	8.9%	9.0%	9.6%	10.5%	10.3%
Jan	7.9%	7.8%	7.8%	8.6%	8.0%	8.0%	7.5%	8.3%
Feb	7.8%	7.5%	7.6%	7.8%	7.8%	6.7%	7.6%	7.7%
Mar	8.9%	9.1%	8.7%	8.6%	8.3%	9.0%	8.9%	9.2%
Apr	8.8%	8.2%	8.1%	7.6%	7.3%	8.8%	8.1%	5.9%
May	8.2%	8.1%	8.8%	7.9%	7.3%	8.0%	7.8%	6.0%
Jun	8.8%	8.6%	8.5%	7.4%	7.8%	8.4%	8.4%	8.1%
FY Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Third largest share percentage of annual total.
Second largest share percentage of annual total.
Largest share percentage of annual total.
Third smallest share percentage of annual total.
Second smallest share percentage of annual total.
Smallest share percentage of annual total.

Source: Airport records.

3.9 | Commercial Aircraft Landings and Landed Weight

Figure 62 shows the annual trends for landings and landed weight at SAN from FY2010 to FY2023. Table 13 breaks down SAN's annual landings by the Airport's top 5 airlines, and distinguishes all-cargo airlines. Table 14 does the same for SAN's annual landed weight, and Table 15 calculates the annual average landed weight per landing by airline.

From FY2012 to FY2019, SAN experienced slow but steady growth in both landings and landed weight, with landings growing 30.1 percent from 76,629 in FY2012 to 100,818 in FY2019, while landed weight rose 35.8 percent from 10.7 billion pounds in FY2012 to 14.5 billion in FY2019. The pandemic brought a decline in both measures through FY2020 and FY2021—landings went down 47.4 percent over two years from FY2019, and landed weight declined 46.3 percent over the same period. SAN began recovering over the next two years, and as of FY2023, the Airport operated 96,002 landings with a corresponding landed weight of 13.9 billion pounds.

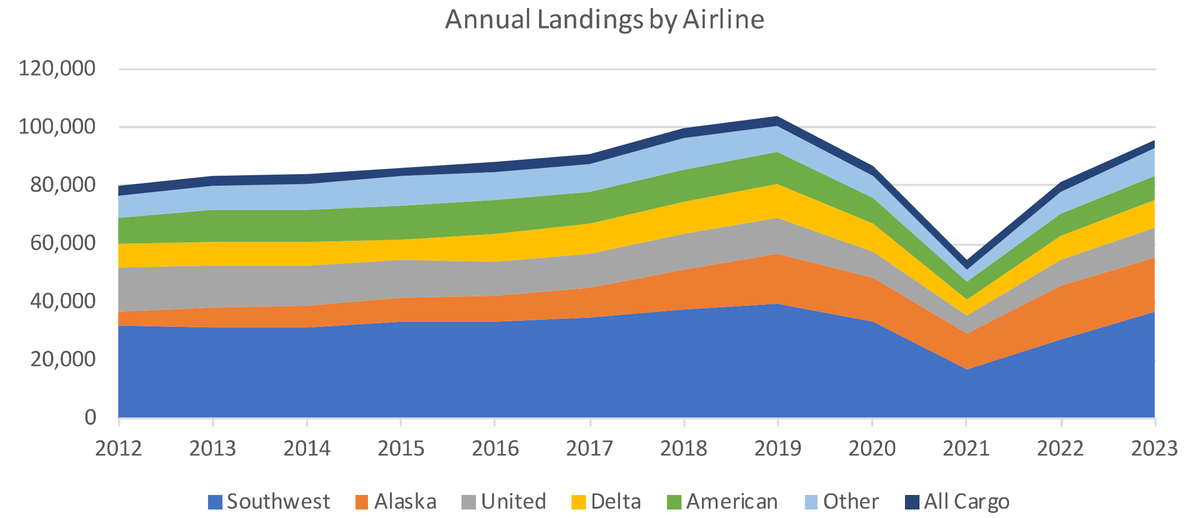
As the largest passenger carrier at SAN, Southwest holds a significant lead as the top carrier in both landings and landed weight, consistently holding a share of more than 30 percent in both respects. Prior to the pandemic, Southwest operated 39,175 landings and 5.2 billion pounds of landed weight in FY2019, which was well above SAN's next largest carrier, Alaska, with 17,381 landings and 2.0 billion pounds of landed weight. The gap closed briefly in FY2021, with Southwest decreasing to 16,695 landings (versus Alaska's 12,731) and 2.3 billion pounds of landed weight (versus Alaska's 1.3 billion). Over the next two years, Southwest rebuilt its gap ahead of the other airlines, and as of FY2023, Southwest holds 36,644 landings (versus Alaska's 18,316) and 5.0 billion pounds of landed weight (versus Alaska's 2.1 billion).

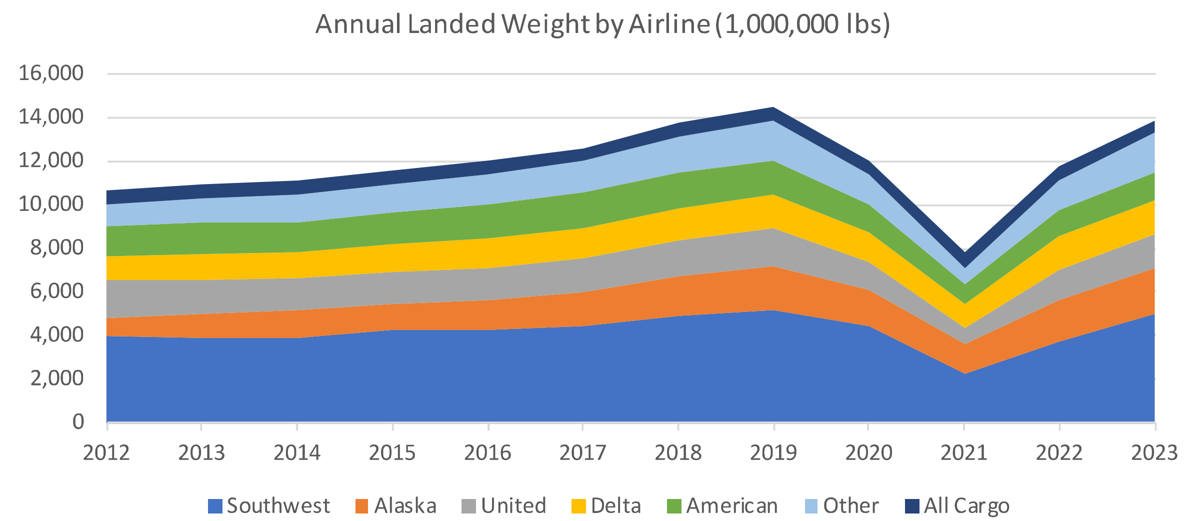
SAN's average landed weight per landing has remained at a largely similar level, with a very slow growth through the latter half of the 2010s. However, recent fleet renewal spurred the use of larger, higher-capacity aircraft. Overall, the average landed weight per landing at SAN started at roughly 133,000 pounds in FY2012 and, after a slight decline in FY2013, grew steadily to about 145,000 pounds by FY2022. Most recently, however, FY2023 has shown a very minor decrease to SAN's average landed weight per landing, with an average of about 144,000 pounds.

By airline, Delta showed the largest growth in average landed weight per landing, rising from an average of 138,000 pounds in FY2012 to 195,000 in FY2022, but that recently dropped back to 160,000 as of FY2023. Inversely, Alaska showed a significant reduction over the same period, starting with an average of about 177,000 in FY2012 and decreasing to 108,000 by FY2022, with an upturn to 114,000 in FY2023. These numbers infer that Delta has been using higher-capacity aircraft over the course of pandemic, while Alaska has been doing the opposite and utilizing smaller aircraft over time. Recent FY2023 numbers may indicate that their behavior could be changing now that traffic is returning to pre-pandemic level.

As of FY2023, the "Other" and all-cargo categories of airlines have the two highest averages for landed weight per landing at the Airport, with an approximate average of 185,000 pounds for the "Other" category and 181,000 pounds for all-cargo airlines.

Figure 62 | Annual Landings and Landed Weight Trends at SAN, FY2012-FY2023





Source: Airport records.

Table 13 | SAN Landings by Airline, FY2012-FY2023

Landings by Airline, by Fiscal Year												
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Southwest	32,100	31,266	31,092	33,421	33,328	34,399	37,355	39,175	33,477	16,695	26,993	36,644
Alaska	4,877	6,878	8,019	8,428	8,851	10,537	13,888	17,381	14,719	12,731	18,321	18,316
United	14,604	14,566	13,587	12,419	11,628	11,407	11,892	12,272	9,239	5,879	9,371	10,407
Delta	8,456	8,238	7,851	7,180	9,640	10,355	11,302	11,566	9,411	5,835	7,819	9,819
American	9,163	10,840	11,325	11,843	11,480	11,046	11,288	10,912	8,756	5,689	7,594	7,879
Other	7,429	8,126	9,085	9,830	9,879	9,907	10,657	9,512	7,487	4,379	7,451	9,820
Subtotal	**76,629**	**79,914**	**80,959**	**83,121**	**84,806**	**87,651**	**96,382**	**100,818**	**83,089**	**51,208**	**77,549**	**92,885**
All Cargo	3,305	3,164	3,254	3,320	3,499	3,385	3,378	3,322	3,431	3,580	3,487	3,117
Total	**79,934**	**83,078**	**84,213**	**86,441**	**88,305**	**91,036**	**99,760**	**104,140**	**86,520**	**54,788**	**81,036**	**96,002**
AGR		3.9%	1.4%	2.6%	2.2%	3.1%	9.6%	4.4%	-16.9%	-36.7%	47.9%	18.5%

Landing Shares by Airline, by Fiscal Year												
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Southwest	40.2%	37.6%	36.9%	38.7%	37.7%	37.8%	37.4%	37.6%	38.7%	30.5%	33.3%	38.2%
Alaska	6.1%	8.3%	9.5%	9.8%	10.0%	11.6%	13.9%	16.7%	17.0%	23.2%	22.6%	19.1%
United	18.3%	17.5%	16.1%	14.4%	13.2%	12.5%	11.9%	11.8%	10.7%	10.7%	11.6%	10.8%
Delta	10.6%	9.9%	9.3%	8.3%	10.9%	11.4%	11.3%	11.1%	10.9%	10.7%	9.6%	10.2%
American	11.5%	13.0%	13.4%	13.7%	13.0%	12.1%	11.3%	10.5%	10.1%	10.4%	9.4%	8.2%
Other	9.3%	9.8%	10.8%	11.4%	11.2%	10.9%	10.7%	9.1%	8.7%	8.0%	9.2%	10.2%
Subtotal	**95.9%**	**96.2%**	**96.1%**	**96.2%**	**96.0%**	**96.3%**	**96.6%**	**96.8%**	**96.0%**	**93.5%**	**95.7%**	**96.8%**
All Cargo	4.1%	3.8%	3.9%	3.8%	4.0%	3.7%	3.4%	3.2%	4.0%	6.5%	4.3%	3.2%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Airport records.

Table 14 | SAN Landed Weight by Airline, FY2012-FY2023

Landed Weight by Airline, by Fiscal Year (1,000,000 lbs)												
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Southwest	3,954	3,908	3,925	4,214	4,257	4,470	4,924	5,180	4,422	2,277	3,688	5,001
Alaska	863	1,072	1,223	1,265	1,361	1,545	1,829	1,995	1,672	1,343	1,981	2,092
United	1,686	1,590	1,500	1,394	1,461	1,516	1,611	1,702	1,285	771	1,321	1,514
Delta	1,163	1,163	1,146	1,305	1,362	1,417	1,484	1,617	1,374	1,049	1,528	1,569
American	1,351	1,426	1,447	1,499	1,621	1,576	1,627	1,566	1,299	918	1,239	1,318
Other	981	1,101	1,253	1,260	1,325	1,468	1,678	1,822	1,365	722	1,375	1,812
Subtotal	**9,998**	**10,261**	**10,493**	**10,937**	**11,386**	**11,993**	**13,153**	**13,882**	**11,417**	**7,080**	**11,133**	**13,305**
All Cargo	662	653	624	597	666	623	617	600	636	700	631	564
Total	**10,661**	**10,914**	**11,117**	**11,535**	**12,053**	**12,616**	**13,770**	**14,481**	**12,053**	**7,780**	**11,764**	**13,869**
AGR		2.4%	1.9%	3.8%	4.5%	4.7%	9.1%	5.2%	-16.8%	-35.5%	51.2%	17.9%
Landed Weight Shares by Airline, by Fiscal Year												
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Southwest	37.1%	35.8%	35.3%	36.5%	35.3%	35.4%	35.8%	35.8%	36.7%	29.3%	31.4%	36.1%
Alaska	8.1%	9.8%	11.0%	11.0%	11.3%	12.3%	13.3%	13.8%	13.9%	17.3%	16.8%	15.1%
United	15.8%	14.6%	13.5%	12.1%	12.1%	12.0%	11.7%	11.8%	10.7%	9.9%	11.2%	10.9%
Delta	10.9%	10.7%	10.3%	11.3%	11.3%	11.2%	10.8%	11.2%	11.4%	13.5%	13.0%	11.3%
American	12.7%	13.1%	13.0%	13.0%	13.4%	12.5%	11.8%	10.8%	10.8%	11.8%	10.5%	9.5%
Other	9.2%	10.1%	11.3%	10.9%	11.0%	11.6%	12.2%	12.6%	11.3%	9.3%	11.7%	13.1%
Subtotal	**93.8%**	**94.0%**	**94.4%**	**94.8%**	**94.5%**	**95.1%**	**95.5%**	**95.9%**	**94.7%**	**91.0%**	**94.6%**	**95.9%**
All Cargo	6.2%	6.0%	5.6%	5.2%	5.5%	4.9%	4.5%	4.1%	5.3%	9.0%	5.4%	4.1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Airport records.

Table 15 | SAN Average Landed Weight per Landing by Airline, FY2012-FY2023

Annual Average Landed Weight per Landing (1,000 lbs)												
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Southwest	123	125	126	126	128	130	132	132	132	136	137	136
Alaska	177	156	152	150	154	147	132	115	114	105	108	114
United	115	109	110	112	126	133	135	139	139	131	141	145
Delta	138	141	146	182	141	137	131	140	146	180	195	160
American	147	132	128	127	141	143	144	144	148	161	163	167
Other	132	135	138	128	134	148	157	192	182	165	185	185
Subtotal	**130**	**128**	**130**	**132**	**134**	**137**	**136**	**138**	**137**	**138**	**144**	**143**
All Cargo	200	206	192	180	190	184	183	180	185	195	181	181
Total	**133**	**131**	**132**	**133**	**136**	**139**	**138**	**139**	**139**	**142**	**145**	**144**
AGR		-1.5%	0.5%	1.1%	2.3%	1.5%	-0.4%	0.7%	0.2%	1.9%	2.2%	-0.5%

Source: Airport records.

3.10 | Forecast Commercial Aviation Activity

We present forecasts of enplanements, landings, and landed weight that serve as input to the financial feasibility analysis. Forecast development considers the pandemic impacts, changes in air service demand and supply, changes in the business environment, and the fundamental drivers of passenger traffic growth. We use a hybrid modeling framework that integrates multiple forecasting methods and data sources to project air traffic during different phases of recovery and growth.

Acknowledging the high uncertainty in the current outlook for the aviation industry and the overall economy, we present three scenarios: "Base," "Low," and "High." These scenarios differ by the pace of air traffic growth in FY2024 and underlying economic projections beyond FY2024. The Base scenario assumes that recent economic and air traffic growth trends will continue. The Low scenario presents a more cautious outlook, accounting for adverse short-term factors, including labor and fleet constraints on airline capacity, persistently high inflation, a recession, and rising unemployment. The High scenario provides a more optimistic outlook, assuming airline capacity constraints will ease, inflation will abate, unemployment will remain low, and the economy will avoid a recession and thrive.

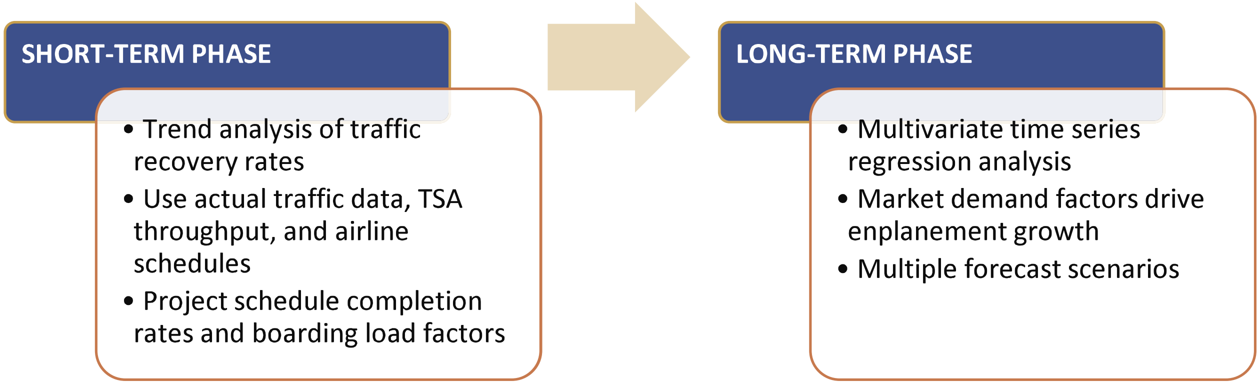
The three scenarios provide a reasonable range for financial planning and sensitivity analysis. However, forecasts are inherently uncertain, and several factors can cause actual performance to fall outside the forecast range. In addition, the airline industry and the broader economy face significant structural changes, which elevate various sources of risk and uncertainty. We discuss these in detail at the end of this section.

3.10.1 | Forecast Methodology

In the hybrid modeling framework (Figure 63), the forecast period is divided into two phases: short-term and long-term. We analyze short-term growth trends by projecting flights, seats, and enplanements monthly using a combination of published airline schedules, schedule completion rates, and boarding load factors (BLFs). We project the ramp-up of monthly enplanements until full recovery to pre-pandemic levels. Then the forecast period enters a long-term growth phase, in which we use multivariate regression analysis to quantify the relationship between passenger demand for air travel and key market drivers to project annual enplanement growth rates.

Forecast development by phase considers the factors expected to drive traffic trends in each phase. It tailors different methods, data, and assumptions to capture the effects of those factors on air traffic. For instance, in the short-term phase, we factor in the impact of the economy and airline capacity limitations when we make assumptions for forecast inputs like projected schedule completion rates and boarding load factors. We apply these forecast inputs to advance airline schedules to project monthly enplanement levels. In the long-term growth phase, market demand factors, such as income and price, again become the primary drivers of passenger traffic growth.

Figure 63 | Hybrid Forecast Development by Phase



Source: Unison Consulting, Inc.

3.10.2 | Short-Term Phase

In the short-term phase, we employ various data sources to project monthly flights, seats, and enplanements for FY2024. These data sources include airport activity statistics (enplanements, landings, and landed weight) available up to June 2023 and TSA screening throughput available up to July 2023. We also access advance airline schedules published in July 2023, which are supplemented with TSA screening throughput data to provide insight into near real-time passenger traffic patterns.

To project the number of passengers who will board flights, we first estimate the number of seats that will be available. Airlines periodically adjust their published schedules based on factors such as flight bookings and the availability of aircraft and crew. We account for airlines' anticipated schedule cuts by factoring in schedule completion rates. Because schedules for future months are subject to greater adjustments until the date of operation, only schedules through December 2023 are used in forecast development. Table 16 shows the schedule completion rate assumptions, which begin to fall in September. Despite the decreases, airlines are expected to complete at least 93 percent of their advance schedules through September.

Table 16 | Projected Schedule Completion Rates and Seats, July to December 2023

	Schedule Completion Rate			Projected Seats		
Month	Base	Low	High	Base	Low	High
Jul-23	100.0%	100.0%	100.0%	1,362,471	1,362,471	1,362,471
Aug-23	100.0%	100.0%	100.0%	1,358,468	1,358,468	1,358,468
Sep-23	99.6%	96.6%	100.0%	1,266,452	1,228,287	1,272,156
Oct-23	98.2%	95.2%	100.0%	1,306,724	1,266,809	1,330,524
Nov-23	97.4%	94.4%	99.4%	1,233,084	1,195,112	1,258,399
Dec-23	96.1%	93.1%	98.1%	1,251,790	1,212,720	1,277,837

Sources: OAG airline schedules and Unison Consulting, Inc.

For the forecast scenarios, we assume that the monthly average BLFs will continue to follow the current trend and remain close to or above 2019 levels. For the second half of CY2023, the monthly average BLFs are expected to be 81 percent in the Base scenario, 78.5 percent in the Low scenario, and 83 percent in the High scenario. These projections are comparable to an average of 82.5 percent for July-December 2019.

For the forecast scenarios, we assume that the monthly average BLFs will continue to follow the current trend and remain close to or above 2019 levels. From January to June 2023, the average monthly BLFs are expected to be around 82 percent for the Base scenario, 84 percent for the High scenario, and 80 percent for the Low scenario. These projections are compared to the annual average of 83 percent for 2019.

The BLF assumptions, shown in Table 17, reflect seasonal patterns and the current trend at SAN. Since January 2022, SAN's monthly BLFs have shown a steady improvement, with levels nearing or exceeding those seen in 2019, despite some minor fluctuations. On average, the monthly BLFs in 2022 were 2 percentage points below 2019 levels, mostly due to severe winter conditions in January and December that caused significant flight disruptions. From January to June 2023, the average monthly BLFs were around 80 percent, compared to 81 percent and 80 percent over the same months in 2019 and2022, respectively.

For the forecast scenarios, we assume that the monthly average BLFs will continue to follow the current trend and remain close to or above 2019 levels. For the second half of CY2023, the monthly average BLFs are expected to be 81 percent in the Base scenario, 78.5 percent in the Low scenario, and 83 percent in the High scenario. These projections are comparable to an average of 82.9 percent for July through December 2019.

Table 17| Projected Boarding Load Factors (BLF), July to December 2023

2019 and 2022 Boarding Load Factors				2023 Projected Boarding Load Factors		
Month	2019 BLF[1]	2022 BLF	Difference (pp)[2]	Base	Low	High
Jan	74.0%	65.2%	-8.8	72.2%	72.2%	72.2%
Feb	77.3%	76.1%	-1.1	78.4%	78.4%	78.4%
Mar	83.0%	87.0%	4.0	82.2%	82.2%	82.2%
Apr	84.0%	86.4%	2.4	82.4%	82.4%	82.4%
May	81.5%	84.8%	3.3	79.8%	79.8%	79.8%
Jun	85.4%	82.1%	-3.3	84.5%	84.5%	84.5%
Jul	84.9%	82.3%	-2.5	82.3%	79.8%	84.3%
Aug	83.3%	80.9%	-2.4	80.9%	78.4%	82.9%
Sep	81.0%	79.8%	-1.2	79.8%	77.3%	81.8%
Oct	80.4%	82.0%	1.6	82.0%	79.5%	84.0%
Nov	82.0%	79.9%	-2.1	79.9%	77.4%	81.9%
Dec	83.2%	71.9%	-11.3	80.9%	78.4%	82.9%

Source: Unison Consulting, Inc.

Notes: Gray shading indicates forecasted values.

[1] BLF = enplanements/seats.

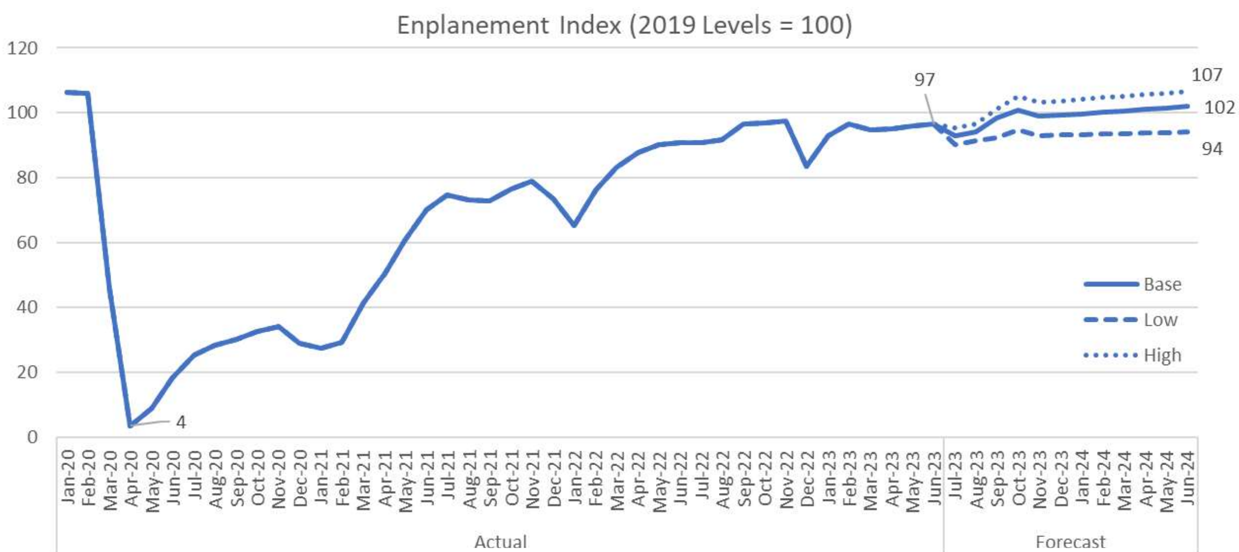
[2] Percentage-point (pp) difference between the 2022 and 2019 monthly BLF. Negative values indicate lower 2022 BLF, compared to the 2019 levels.

Figure 64 shows the projected growth of monthly enplanements indexed to 2019 levels. Since dropping to 4 percent of 2019 levels in April 2020, SAN's enplanements have steadily recovered and reached 97 percent of 2019 levels in June 2023.

Monthly enplanements are expected to approach or surpass 2019 levels by the end of FY2024. The Base scenario predicts a rise to 102 percent of 2019 levels by June 2024, with an annual average of around 99 percent for FY2024. The Low scenario sees an increase to 94 percent of 2019 levels by June 2024, with an average of around 93 percent for FY2024. In the High scenario, monthly enplanements are predicted to increase to 107 percent of 2019 levels by June 2024, with an average of around 103 percent for FY2024.

In all three scenarios, the trends indicate that SAN's monthly enplanement growth will have stabilized by the end of FY2024, at which point annual enplanement growth is likely to be driven by market demand factors.

Figure 64 | Monthly Enplanements: Forecast Growth Indexed to 2019 Level



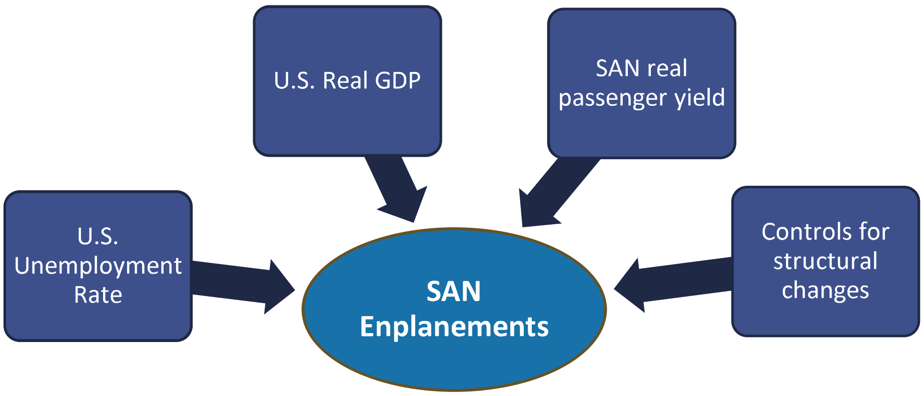
Source: Unison Consulting, Inc.

3.10.3 | Long-Term Growth Phase

Once monthly enplanement growth return to pre-pandemic patterns, the long-term growth phase begins—after FY2024 in all three scenarios. Passenger traffic will be "demand-driven," determined the economics of air transportation. We assume growth patterns would normalize, the historical relationship between air traffic and economic drivers would again prevail, and airlines would adjust seat capacity to meet increasing air travel demand.

Multivariate time series regression analysis links enplanement growth to key market demand drivers (Figure 65). Regression analysis provides a rigorous and quantitative framework for measuring the contributions of individual demand drivers to enplanement growth, while controlling for serial correlation often found in time series data.

Figure 65 | Key Drivers of Enplanement Growth



Source: Unison Consulting, Inc.

Forecasting using regression analysis is executed in two steps. First, we estimate a regression equation is using historical data from 2001 to 2019.[31] The regression equation includes coefficients that measure the contributions of each driver in predicting annual enplanement. The estimation method minimizes forecast errors. Next, we use the estimated regression equation and the model input projections to forecast enplanement growth.

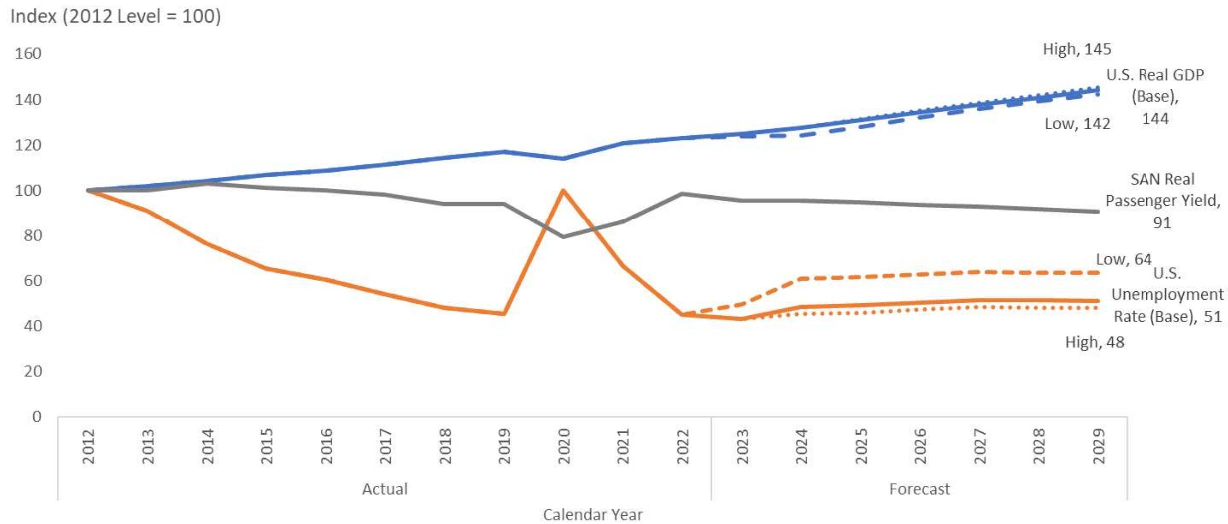
Consumer demand theory and observed changes in the Airport and aviation industry guide the specification of the regression model, which considers annual enplanements as the dependent variable. The model uses two economic indicators, the U.S. real GDP and unemployment rate, and a price indicator, SAN's real passenger yield, as key factors to explain the variation in passenger traffic. Figure 66 presents the historical and forecast trends in the economic and price variables. For readability, historical trends in the figure begin in 2012, even though the regression model employs historical data beginning in 2001.

Besides the economic and price indicators, we include autoregressive and moving average terms to control for serial correlation in the passenger traffic data.[32]

[31] Including pre-2001 data reduced goodness-of-fit measures. Regression analysis using data from 1993 to 2019 resulted in slightly lower enplanement growth rates by around 0.2 percentage points, on average.

[32] We include autoregressive terms of order 2 and moving average terms of order 1.

Figure 66 | Trends in Key Regression Model Explanatory Variables (2012 Level = 100)



Sources: Moody's Analytics, U.S. Department of Transportation, and Federal Aviation Administration.

U.S. Real Gross Domestic Product

The U.S. real GDP is a comprehensive indicator of national economic conditions. The growth rate of the real GDP corresponds to the pace of economic and income growth, which drives the demand for air travel. Growth in real GDP increase enplanements, while contractions in real GDP decrease enplanements, holding other factors constant. The positive and statistically significant regression coefficient on U.S. real GDP confirms the positive relationship between U.S. real GDP and enplanements.

Based on forecasts from Moody's Analytics, the U.S. real GDP in the Base scenario will grow at a compound annual growth rate of 2.3 percent from 2022 to 2029. This growth rate is higher than the post-Great Recession expansion, during which the U.S. real GDP grew at a compound annual growth rate of 1.6 percent from 2009 to 2019. The High scenario assumes around a 0.13 percentage point higher growth rate than the Base scenario, while the Low scenario assumes around a 0.16 percentage point lower growth rate.

U.S. Unemployment Rate

U.S. unemployment rate provides another key indicator for national economic conditions.[33] Falling unemployment rates indicate an expanding national economy, while rising unemployment rates indicate a slowing and contracting national economy. Passenger traffic trends track business cycles in the U.S. economy. A negative and statistically significant negative regression coefficient confirms the negative association between the unemployment rate and SAN's passenger traffic.

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[33] We also tested a regression model using the MSA personal income per capita and U.S. real GDP per capita in lieu of U.S. real GDP. Ultimately, we choose to include U.S. real GDP because it provided the best based on adjusted R-squared (0.99).

Currently, the U.S. unemployment rate is at historic low level. It is expected to rise gradually, as forecast by Moody's Analytics. Specifically, the U.S. unemployment rate is projected to increase from 3.6 percent in 2022 to 4.1 percent in 2029 in the Base scenario. In the High scenario, the U.S. unemployment rate is around 0.2 percentage point lower than in the Base scenario. In the Low scenario, the U.S. unemployment rate rises to around 0.9 percentage points higher than in the Base scenario.

Real Passenger Yield at SAN

According to consumer demand theory, air travel demand (passenger traffic) decreases as the price of air travel increases, and vice versa, holding everything else constant. Our measure of price is the average real passenger yield, calculated as total airline passenger revenues divided by revenue passenger miles, adjusted for inflation. This measure controls trip distance and serves as a better indicator of the price of air travel than average airfare. Empirical data supports consumer demand theory: regression analysis confirms a negative and statistically significant relationship between the average real passenger yield and passenger traffic at SAN.

In the decade leading up to the pandemic, SAN's real passenger yield had been relatively stable, ranging between $0.14 and $0.16 (in constant 2012 dollars). The pandemic disrupted this stability, as airlines significantly reduced air fares to raise passenger traffic. In 2020 and 2021, SAN's real passenger yield fell to $0.12 and $0.13 (in constant 2012 dollars), respectively, yielding a 2019-2021 compound annual growth rate of -4.4 percent. Compared to this steep decline, the real passenger yield essentially remained constant between 2009 and 2019 (CAGR=0.2 percent).

Over the forecast horizon, the Airport's real passenger yield in the Base scenario is expected to increase in the near-term, before falling to and stabilizing at $0.14 (in constant 2012 dollars). Between 2022 and 2029, SAN's real passenger yield is expected to decrease by 1.2 percent annually on average.

3.10.4 | Forecast Results

Figure 67 presents the forecast results, compared with the 2022 FAA Terminal Area Forecasts (TAF) published in February 2023. Table 18 to

Table 29 present the forecast details.

- Scenario 1 (Base): Annual enplanements are expected to continue to recover and eventually exceed the FY2019 level by the end of FY2024, reaching 12.5 million. For the remainder of the forecast period, enplanement growth is expected to be robust and exceed at least 2.8 percent annually. In FY2029, annual enplanements are expected to reach 14.5 million and yield a FY2023-2029 CAGR of 3.4 percent.
- Scenario 2 (Low): In FY2024, the air travel demand at SAN is expected to be dampened by an economic downturn and other factors. As a result, enplanements are projected to show a decline of 1 percent. Beyond FY2024, enplanements are expected to recover and eventually

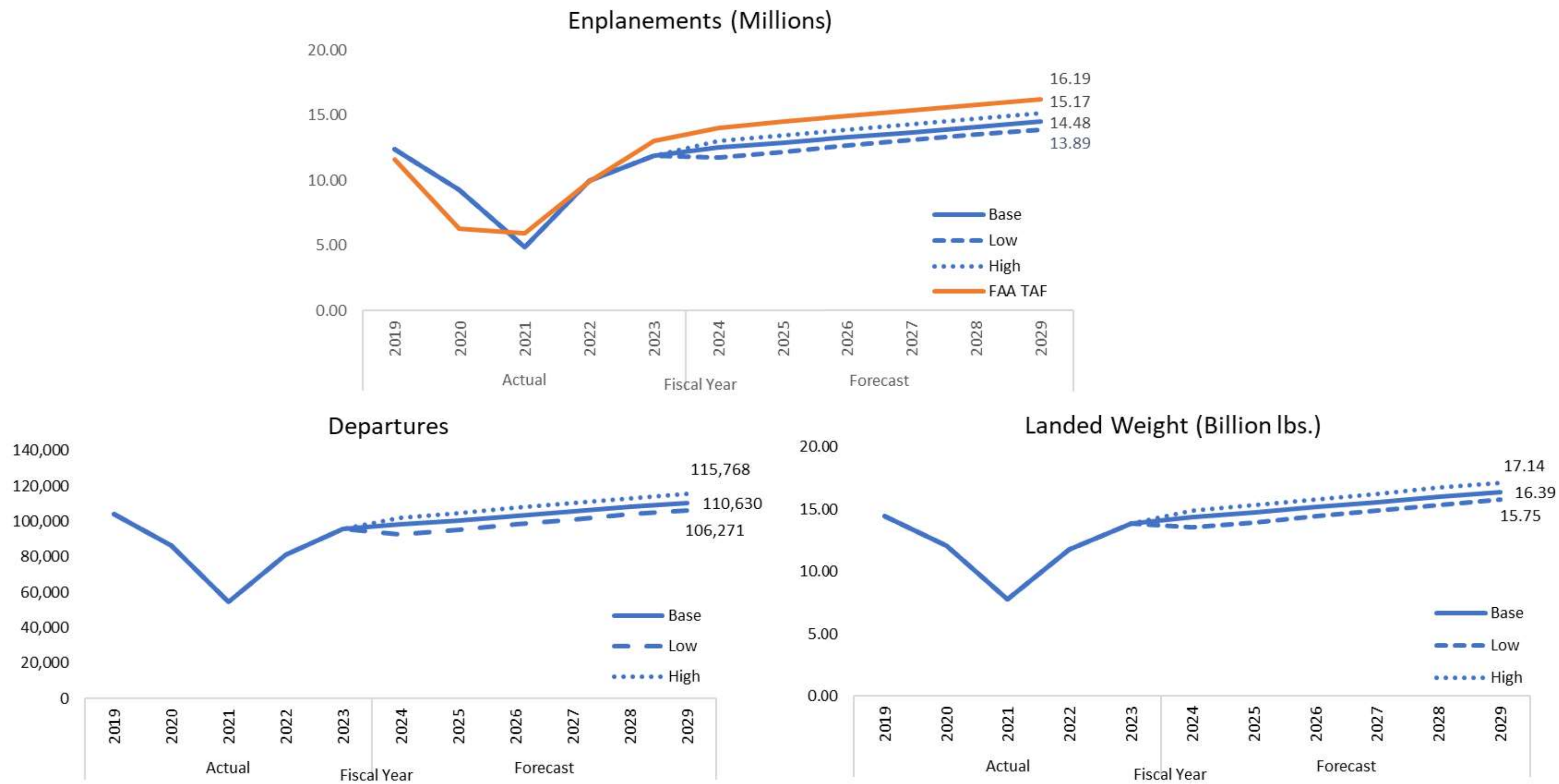
reach 12.7 million and exceed the 2019 level by the end of FY2026, two years later than the recovery in the Base scenario. In FY2029, SAN's annual enplanements are expected to be around 13.9 million (CAGR = 2.7 percent).

- Scenario 3 (High): Higher real GDP growth and lower unemployment rates are expected to boost passenger traffic at SAN. Annual enplanements are expected to reach 15.2 million by the end of the forecast horizon (CAGR = 4.2 percent).
- 2022 FAA TAF, February 2023 Publication – The TAF projections are on a federal fiscal year basis that ends on September 30. Compared to this study's forecasts, the TAF projections are higher, with projected annual enplanements reaching 16.2 million by the end of the forecast (CAGR = 3.7 percent).

The FY2024-2029 projections of seats and aircraft departures (landings) are derived from forecast annual enplanements, average seats per departure, and boarding load factors. Generally, flight departures are expected to grow slower than enplanements due to expected increases in average seats per departure and boarding load factors over time. By the end of the forecast period, annual aircraft departures are expected to reach 110,630 (CAGR = 2.4 percent) in the Base scenario, 106,271 in the Low scenario (CAGR = 1.7 percent), and 115,768 in the High scenario (3.2 percent).

The FY2024-2029 projections of landed weight are derived from forecast aircraft landings. Generally, landed weight increases faster than landings because of projected increases in average seats per landing, which raises the average weight per landing. By the end of the forecast period, landed weight will reach 16.39 billion pounds (CAGR = 2.8 percent) in the Base scenario, 15.75 billion pounds (CAGR = 2.1 percent) in the Low scenario, and 17.14 billion pounds (CAGR = 3.6 percent) in the High scenario.

Figure 67 | Forecast Commercial Aviation Activity at SAN



Source: Unison Consulting, Inc.

Table 18 | Forecast Enplanements - Scenario 1 (Base)

	Actual					Forecast						CAGR
Fiscal Year Ending in June	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2023-2029**
Enplanements (1,000s)												
Alaska	1,702	1,325	807	1,741	1,941	2,023	2,089	2,155	2,215	2,281	2,343	3.2%
American	1,468	1,128	768	1,238	1,282	1,428	1,475	1,521	1,564	1,610	1,654	4.3%
Delta	1,505	1,168	568	1,238	1,452	1,615	1,667	1,720	1,768	1,820	1,870	4.3%
Southwest	4,656	3,475	1,628	3,394	4,190	4,029	4,161	4,292	4,411	4,542	4,667	1.8%
United	1,593	1,106	600	1,307	1,459	1,765	1,822	1,880	1,932	1,989	2,044	5.8%
Other signatory	1,179	859	445	880	1,253	1,358	1,402	1,446	1,486	1,530	1,572	3.9%
Passenger - signatory	12,103	9,061	4,815	9,797	11,577	12,218	12,615	13,013	13,376	13,773	14,152	3.4%
Passenger - nonsignatory	254	174	46	156	290	280	289	298	306	316	324	1.9%
Total	**12,356**	**9,235**	**4,861**	**9,953**	**11,868**	**12,498**	**12,904**	**13,311**	**13,682**	**14,088**	**14,476**	**3.4%**
Annual percentage change		-25.3%	-47.4%	104.8%	19.2%	5.3%	3.3%	3.2%	2.8%	3.0%	2.8%	
Enplanement Shares												
Alaska	13.8%	14.3%	16.6%	17.5%	16.4%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	
American	11.9%	12.2%	15.8%	12.4%	10.8%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%	
Delta	12.2%	12.7%	11.7%	12.4%	12.2%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	
Southwest	37.7%	37.6%	33.5%	34.1%	35.3%	32.2%	32.2%	32.2%	32.2%	32.2%	32.2%	
United	12.9%	12.0%	12.3%	13.1%	12.3%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	
Other signatory	9.5%	9.3%	9.2%	8.8%	10.6%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	
Passenger - signatory	97.9%	98.1%	99.1%	98.4%	97.6%	97.8%	97.8%	97.8%	97.8%	97.8%	97.8%	
Passenger - nonsignatory	2.1%	1.9%	0.9%	1.6%	2.4%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 19 | Forecast Seats and Aircraft Departures – Scenario 1 (Base)

	Actual					Forecast						CAGR
Fiscal Year Ending in June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2023-2029
Seats (1,000s)												
Alaska	2,139	1,811	1,451	2,151	2,303	2,386	2,449	2,524	2,592	2,668	2,734	2.9%
American	1,712	1,463	1,020	1,420	1,501	1,672	1,717	1,771	1,820	1,874	1,926	4.2%
Delta	1,727	1,489	1,056	1,445	1,687	1,875	1,936	1,997	2,053	2,114	2,172	4.3%
Southwest	6,060	5,428	2,686	4,319	5,851	5,407	5,545	5,715	5,870	6,041	6,187	0.9%
United	1,836	1,434	845	1,495	1,693	2,048	2,115	2,182	2,243	2,309	2,373	5.8%
Other signatory	1,382	1,100	691	1,113	1,491	1,608	1,653	1,705	1,751	1,803	1,849	3.6%
Passenger - signatory	14,856	12,726	7,749	11,943	14,526	14,996	15,416	15,894	16,329	16,809	17,239	2.9%
Passenger - nonsignatory	319	246	86	207	349	332	342	352	362	372	382	1.5%
Total	**15,175**	**12,972**	**7,835**	**12,150**	**14,875**	**15,328**	**15,757**	**16,246**	**16,691**	**17,181**	**17,621**	**2.9%**
Annual percentage change		-14.5%	-39.6%	55.1%	22.4%	3.0%	2.8%	3.1%	2.7%	2.9%	2.6%	
Aircraft Departures (Landings)												
Alaska	17,381	14,719	12,731	18,321	18,316	18,896	19,326	19,848	20,311	20,826	21,259	2.5%
American	10,912	8,756	5,689	7,594	7,879	8,742	8,941	9,190	9,411	9,655	9,884	3.9%
Delta	11,566	9,411	5,835	7,819	9,819	10,873	11,186	11,497	11,774	12,078	12,365	3.9%
Southwest	39,175	33,477	16,695	26,993	36,644	33,734	34,474	35,400	36,223	37,140	37,897	0.6%
United	12,272	9,239	5,879	9,371	10,407	12,543	12,904	13,263	13,582	13,934	14,264	5.4%
Other signatory	8,010	6,425	3,882	6,422	8,258	8,926	9,146	9,395	9,616	9,862	10,075	3.4%
Passenger - signatory	99,316	82,027	50,711	76,520	91,323	93,714	95,978	98,592	100,917	103,494	105,744	2.5%
Passenger - nonsignatory	1,502	1,062	497	1,029	1,562	1,459	1,496	1,536	1,573	1,613	1,648	0.9%
Subtotal - passenger	**100,818**	**83,089**	**51,208**	**77,549**	**92,885**	**95,173**	**97,473**	**100,128**	**102,489**	**105,107**	**107,392**	**2.4%**
All-cargo - signatory	2,783	2,755	3,017	2,913	2,547	2,730	2,639	2,684	2,661	2,673	2,667	0.8%
All-cargo - nonsignatory	539	676	563	574	570	572	571	572	571	571	571	0.0%
Subtotal - all-cargo	**3,322**	**3,431**	**3,580**	**3,487**	**3,117**	**3,302**	**3,210**	**3,256**	**3,233**	**3,244**	**3,238**	**0.6%**
Total	**104,140**	**86,520**	**54,788**	**81,036**	**96,002**	**98,475**	**100,683**	**103,384**	**105,722**	**108,351**	**110,630**	**2.4%**

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 20 | Forecast Enplanement per Departure, Seats per Departure, and Boarding Load Factors - Scenario 1 (Base)

	Actual					Forecast					
Fiscal Year Ending in June	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Enplanements per Departure											
Alaska	98	90	63	95	106	107	108	109	109	110	110
American	135	129	135	163	163	163	165	166	166	167	167
Delta	130	124	97	158	148	148	149	150	150	151	151
Southwest	119	104	97	126	114	119	121	121	122	122	123
United	130	120	102	139	140	141	141	142	142	143	143
Other signatory	147	134	115	137	152	152	153	154	155	155	156
Passenger - signatory	122	110	95	128	127	130	131	132	133	133	134
Passenger - nonsignatory	169	164	92	152	186	192	193	194	195	196	197
Total	**123**	**111**	**95**	**128**	**128**	**131**	**132**	**133**	**133**	**134**	**135**
Seats per Departure											
Alaska	123	123	114	117	126	126	127	127	128	128	129
American	157	167	179	187	191	191	192	193	193	194	195
Delta	149	158	181	185	172	172	173	174	174	175	176
Southwest	155	162	161	160	160	160	161	161	162	163	163
United	150	155	144	160	163	163	164	165	165	166	166
Other signatory	173	171	178	173	181	180	181	181	182	183	183
Passenger - signatory	150	155	153	156	159	160	161	161	162	162	163
Passenger - nonsignatory	212	232	173	201	223	228	228	229	230	231	232
Total	**151**	**156**	**153**	**157**	**160**	**161**	**162**	**162**	**163**	**163**	**164**
Boarding Load Factors											
Alaska	79.6%	73.2%	55.6%	80.9%	84.3%	84.8%	85.3%	85.4%	85.4%	85.5%	85.7%
American	85.7%	77.1%	75.3%	87.2%	85.4%	85.4%	85.9%	85.9%	85.9%	85.9%	85.9%
Delta	87.1%	78.5%	53.8%	85.6%	86.1%	86.1%	86.1%	86.1%	86.1%	86.1%	86.1%
Southwest	76.8%	64.0%	60.6%	78.6%	71.6%	74.5%	75.0%	75.1%	75.2%	75.2%	75.4%
United	86.8%	77.1%	71.0%	87.5%	86.2%	86.2%	86.2%	86.2%	86.2%	86.2%	86.2%
Other signatory	85.3%	78.1%	64.4%	79.0%	84.0%	84.4%	84.8%	84.8%	84.9%	84.9%	85.1%
Passenger - signatory	81.5%	71.2%	62.1%	82.0%	79.7%	81.5%	81.8%	81.9%	81.9%	81.9%	82.1%
Passenger - nonsignatory	79.5%	70.8%	53.4%	75.3%	83.3%	84.2%	84.6%	84.7%	84.7%	84.7%	84.9%
Total	**81.4%**	**71.2%**	**62.0%**	**81.9%**	**79.8%**	**81.5%**	**81.9%**	**81.9%**	**82.0%**	**82.0%**	**82.2%**

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 21 | Forecast Landed Weight and Average Weight per Landing - Scenario 1 (Base)

	Actual					Forecast						CAGR
Fiscal Year Ending in June	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2023-2029**
Landed Weight (1,000,000 lbs.)												
Alaska	1,995	1,672	1,343	1,981	2,092	2,167	2,224	2,293	2,355	2,423	2,483	2.9%
American	1,566	1,299	918	1,239	1,318	1,468	1,507	1,554	1,598	1,645	1,690	4.2%
Delta	1,617	1,374	1,049	1,528	1,569	1,744	1,800	1,857	1,909	1,966	2,020	4.3%
Southwest	5,180	4,422	2,277	3,688	5,001	4,622	4,740	4,885	5,017	5,164	5,288	0.9%
United	1,702	1,285	771	1,321	1,514	1,832	1,891	1,951	2,005	2,065	2,121	5.8%
Other signatory	1,375	1,057	653	1,108	1,358	1,472	1,514	1,561	1,604	1,651	1,693	3.7%
Passenger - signatory	13,435	11,110	7,010	10,866	12,851	13,303	13,676	14,101	14,487	14,913	15,295	2.9%
Passenger - nonsignatory	447	307	70	231	416	406	417	430	442	455	466	1.9%
Subtotal - passenger	**13,882**	**11,417**	**7,080**	**11,097**	**13,268**	**13,709**	**14,093**	**14,531**	**14,929**	**15,367**	**15,761**	**2.9%**
All-cargo - signatory	593	587	613	621	560	594	577	586	582	584	583	0.7%
All-cargo - nonsignatory	7	49	87	45	41	43	42	42	42	42	42	0.5%
Subtotal - all-cargo	**600**	**636**	**700**	**667**	**601**	**637**	**619**	**628**	**624**	**626**	**625**	**0.6%**
Total	**14,481**	**12,053**	**7,780**	**11,764**	**13,869**	**14,346**	**14,713**	**15,159**	**15,553**	**15,993**	**16,386**	**2.8%**
Avg. Landed Weight (1,000 lbs.)												
Alaska	115	114	105	108	114	115	115	116	116	116	117	
American	144	148	161	163	167	168	169	169	170	170	171	
Delta	140	146	180	195	160	160	161	162	162	163	163	
Southwest	132	132	136	137	136	137	138	138	139	139	140	
United	139	139	131	141	145	146	147	147	148	148	149	
Other signatory	172	165	168	173	164	165	166	166	167	167	168	
Passenger - signatory	135	135	138	142	141	142	142	143	144	144	145	
Passenger - nonsignatory	298	289	140	225	267	278	279	280	281	282	283	
Subtotal - passenger	**138**	**137**	**138**	**143**	**143**	**144**	**145**	**145**	**146**	**146**	**147**	
All-cargo - signatory	213	213	203	213	220	218	219	218	219	218	218	
All-cargo - nonsignatory	12	73	154	79	72	75	73	74	74	74	74	
Subtotal - all-cargo	**180**	**185**	**195**	**191**	**193**	**193**	**193**	**193**	**193**	**193**	**193**	
Total	**139**	**139**	**142**	**145**	**144**	**146**	**146**	**147**	**147**	**148**	**148**	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 22 | Forecast Enplanements - Scenario 2 (Low)

	Actual					Forecast						CAGR
Fiscal Year Ending in June	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2023-2029**
Enplanements (1,000s)												
Alaska	1,702	1,325	807	1,741	1,941	1,904	1,978	2,051	2,119	2,189	2,252	2.5%
American	1,468	1,128	768	1,238	1,282	1,346	1,398	1,450	1,498	1,547	1,591	3.7%
Delta	1,505	1,168	568	1,238	1,452	1,520	1,579	1,638	1,692	1,747	1,798	3.6%
Southwest	4,656	3,475	1,628	3,394	4,190	3,773	3,919	4,065	4,200	4,337	4,462	1.1%
United	1,593	1,106	600	1,307	1,459	1,662	1,726	1,790	1,849	1,910	1,965	5.1%
Other signatory	1,179	859	445	880	1,253	1,277	1,326	1,376	1,421	1,468	1,510	3.2%
Passenger - signatory	12,103	9,061	4,815	9,797	11,577	11,481	11,926	12,369	12,779	13,198	13,578	2.7%
Passenger - nonsignatory	254	174	46	156	290	264	275	285	294	304	313	1.3%
Total	**12,356**	**9,235**	**4,861**	**9,953**	**11,868**	**11,745**	**12,201**	**12,654**	**13,074**	**13,502**	**13,891**	**2.7%**
Annual percentage change		-25.3%	-47.4%	104.8%	19.2%	-1.0%	3.9%	3.7%	3.3%	3.3%	2.9%	
Enplanement Shares												
Alaska	13.8%	14.3%	16.6%	17.5%	16.4%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	
American	11.9%	12.2%	15.8%	12.4%	10.8%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	
Delta	12.2%	12.7%	11.7%	12.4%	12.2%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	
Southwest	37.7%	37.6%	33.5%	34.1%	35.3%	32.1%	32.1%	32.1%	32.1%	32.1%	32.1%	
United	12.9%	12.0%	12.3%	13.1%	12.3%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	
Other signatory	9.5%	9.3%	9.2%	8.8%	10.6%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	
Passenger - signatory	97.9%	98.1%	99.1%	98.4%	97.6%	97.7%	97.7%	97.7%	97.7%	97.7%	97.7%	
Passenger - nonsignatory	2.1%	1.9%	0.9%	1.6%	2.4%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 23 | Forecast Seats and Aircraft Departures – Scenario 2 (Low)

	Actual					Forecast						CAGR
Fiscal Year Ending in June	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2023-2029**
Seats (1,000s)												
Alaska	2,139	1,811	1,451	2,151	2,303	2,245	2,318	2,403	2,481	2,561	2,627	2.2%
American	1,712	1,463	1,020	1,420	1,501	1,575	1,627	1,687	1,743	1,800	1,852	3.6%
Delta	1,727	1,489	1,056	1,445	1,687	1,765	1,834	1,902	1,965	2,029	2,088	3.6%
Southwest	6,060	5,428	2,686	4,319	5,851	5,063	5,224	5,414	5,588	5,768	5,915	0.2%
United	1,836	1,434	845	1,495	1,693	1,929	2,003	2,078	2,147	2,217	2,281	5.1%
Other signatory	1,382	1,100	691	1,113	1,491	1,512	1,565	1,622	1,675	1,729	1,775	2.9%
Passenger - signatory	14,856	12,726	7,749	11,943	14,526	14,089	14,571	15,105	15,598	16,105	16,538	2.2%
Passenger - nonsignatory	319	246	86	207	349	314	325	337	347	359	368	0.9%
Total	**15,175**	**12,972**	**7,835**	**12,150**	**14,875**	**14,403**	**14,895**	**15,442**	**15,946**	**16,463**	**16,906**	**2.2%**
Annual percentage change		-14.5%	-39.6%	55.1%	22.4%	-3.2%	3.4%	3.7%	3.3%	3.2%	2.7%	
Aircraft Departures (Landings)												
Alaska	17,381	14,719	12,731	18,321	18,316	17,784	18,298	18,895	19,435	19,988	20,429	1.8%
American	10,912	8,756	5,689	7,594	7,879	8,235	8,474	8,757	9,014	9,275	9,507	3.2%
Delta	11,566	9,411	5,835	7,819	9,819	10,235	10,593	10,947	11,268	11,595	11,884	3.2%
Southwest	39,175	33,477	16,695	26,993	36,644	31,587	32,474	33,531	34,485	35,464	36,232	-0.2%
United	12,272	9,239	5,879	9,371	10,407	11,810	12,223	12,631	13,002	13,379	13,713	4.7%
Other signatory	8,010	6,425	3,882	6,422	8,258	8,396	8,654	8,939	9,196	9,459	9,676	2.7%
Passenger - signatory	99,316	82,027	50,711	76,520	91,323	88,047	90,717	93,700	96,400	99,160	101,441	1.8%
Passenger - nonsignatory	1,502	1,062	497	1,029	1,562	1,380	1,423	1,469	1,512	1,555	1,591	0.3%
Subtotal - passenger carriers	**100,818**	**83,089**	**51,208**	**77,549**	**92,885**	**89,426**	**92,140**	**95,170**	**97,912**	**100,715**	**103,032**	**1.7%**
All-cargo - signatory	2,783	2,755	3,017	2,913	2,547	2,730	2,639	2,684	2,661	2,673	2,667	0.8%
All-cargo - nonsignatory	539	676	563	574	570	572	571	572	571	571	571	0.0%
Subtotal - all-cargo carriers	**3,322**	**3,431**	**3,580**	**3,487**	**3,117**	**3,302**	**3,210**	**3,256**	**3,233**	**3,244**	**3,238**	**0.6%**
Total	**104,140**	**86,520**	**54,788**	**81,036**	**96,002**	**92,728**	**95,349**	**98,425**	**101,145**	**103,959**	**106,271**	**1.7%**

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 24 | Forecast Enplanement per Departure, Seats per Departure, and Boarding Load Factors - Scenario 2 (Low)

	Actual					Forecast					
Fiscal Year Ending in June	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Enplanements per Departure											
Alaska	98	90	63	95	106	107	108	109	109	110	110
American	135	129	135	163	163	163	165	166	166	167	167
Delta	130	124	97	158	148	148	149	150	150	151	151
Southwest	119	104	97	126	114	119	121	121	122	122	123
United	130	120	102	139	140	141	141	142	142	143	143
Other signatory	147	134	115	137	152	152	153	154	155	155	156
Passenger - signatory	122	110	95	128	127	130	131	132	133	133	134
Passenger - nonsignatory	169	164	92	152	186	192	193	194	195	195	197
Total	**123**	**111**	**95**	**128**	**128**	**131**	**132**	**133**	**134**	**134**	**135**
Seats per Departure											
Alaska	123	123	114	117	126	126	127	127	128	128	129
American	157	167	179	187	191	191	192	193	193	194	195
Delta	149	158	181	185	172	172	173	174	174	175	176
Southwest	155	162	161	160	160	160	161	161	162	163	163
United	150	155	144	160	163	163	164	165	165	166	166
Other signatory	173	171	178	173	181	180	181	181	182	183	183
Passenger - signatory	150	155	153	156	159	160	161	161	162	162	163
Passenger - nonsignatory	212	232	173	201	223	227	228	229	230	231	231
Total	**151**	**156**	**153**	**157**	**160**	**161**	**162**	**162**	**163**	**163**	**164**
Boarding Load Factors											
Alaska	79.6%	73.2%	55.6%	80.9%	84.3%	84.8%	85.3%	85.4%	85.4%	85.5%	85.7%
American	85.7%	77.1%	75.3%	87.2%	85.4%	85.4%	85.9%	85.9%	85.9%	85.9%	85.9%
Delta	87.1%	78.5%	53.8%	85.6%	86.1%	86.1%	86.1%	86.1%	86.1%	86.1%	86.1%
Southwest	76.8%	64.0%	60.6%	78.6%	71.6%	74.5%	75.0%	75.1%	75.2%	75.2%	75.4%
United	86.8%	77.1%	71.0%	87.5%	86.2%	86.2%	86.2%	86.2%	86.2%	86.2%	86.2%
Other signatory	85.3%	78.1%	64.4%	79.0%	84.0%	84.4%	84.8%	84.8%	84.9%	84.9%	85.1%
Passenger - signatory	81.5%	71.2%	62.1%	82.0%	79.7%	81.5%	81.8%	81.9%	81.9%	82.0%	82.1%
Passenger - nonsignatory	79.5%	70.8%	53.4%	75.3%	83.3%	84.2%	84.6%	84.7%	84.7%	84.7%	84.9%
Total	**81.4%**	**71.2%**	**62.0%**	**81.9%**	**79.8%**	**81.5%**	**81.9%**	**81.9%**	**82.0%**	**82.0%**	**82.2%**

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 25 | Forecast Landed Weight and Average Weight per Landing - Scenario 2 (Low)

	Actual					Forecast						CAGR
Fiscal Year Ending in June	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2023-2029**
Landed Weight (1,000,000 lbs.)												
Alaska	1,995	1,672	1,343	1,981	2,092	2,039	2,106	2,183	2,253	2,326	2,386	2.2%
American	1,566	1,299	918	1,239	1,318	1,383	1,428	1,481	1,530	1,580	1,626	3.6%
Delta	1,617	1,374	1,049	1,528	1,569	1,641	1,705	1,768	1,827	1,887	1,941	3.6%
Southwest	5,180	4,422	2,277	3,688	5,001	4,328	4,465	4,627	4,777	4,931	5,056	0.2%
United	1,702	1,285	771	1,321	1,514	1,724	1,791	1,858	1,919	1,982	2,039	5.1%
Other signatory	1,375	1,057	653	1,108	1,358	1,384	1,432	1,485	1,533	1,583	1,626	3.0%
Passenger - signatory	13,435	11,110	7,010	10,866	12,851	12,499	12,928	13,402	13,840	14,289	14,674	2.2%
Passenger - nonsignatory	447	307	70	231	416	383	396	410	424	437	449	1.3%
Subtotal - passenger	**13,882**	**11,417**	**7,080**	**11,097**	**13,268**	**12,882**	**13,324**	**13,813**	**14,263**	**14,726**	**15,123**	**2.2%**
All-cargo - signatory	593	587	613	621	560	594	577	586	582	584	583	0.7%
All-cargo - nonsignatory	7	49	87	45	41	43	42	42	42	42	42	0.5%
Subtotal - all-cargo	**600**	**636**	**700**	**667**	**601**	**637**	**619**	**628**	**624**	**626**	**625**	**0.6%**
Total	**14,481**	**12,053**	**7,780**	**11,764**	**13,869**	**13,520**	**13,943**	**14,441**	**14,887**	**15,353**	**15,748**	**2.1%**
Avg. Landed Weight (1,000 lbs.)												
Alaska	115	114	105	108	114	115	115	116	116	116	117	
American	144	148	161	163	167	168	169	169	170	170	171	
Delta	140	146	180	195	160	160	161	162	162	163	163	
Southwest	132	132	136	137	136	137	138	138	139	139	140	
United	139	139	131	141	145	146	147	147	148	148	149	
Other signatory	172	165	168	173	164	165	166	166	167	167	168	
Passenger - signatory	135	135	138	142	141	142	143	143	144	144	145	
Passenger - nonsignatory	298	289	140	225	267	278	278	279	280	281	282	
Subtotal - passenger	**138**	**137**	**138**	**143**	**143**	**144**	**145**	**145**	**146**	**146**	**147**	
All-cargo - signatory	213	213	203	213	220	218	219	218	219	218	218	
All-cargo - nonsignatory	12	73	154	79	72	75	73	74	74	74	74	
Subtotal - all-cargo	**180**	**185**	**195**	**191**	**193**	**193**	**193**	**193**	**193**	**193**	**193**	
Total	**139**	**139**	**142**	**145**	**144**	**146**	**146**	**147**	**147**	**148**	**148**	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 26 | Forecast Enplanements - Scenario 3 (High)

	Actual					Forecast						CAGR
Fiscal Year Ending in June	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2023-2029**
Enplanements (1,000s)												
Alaska	1,702	1,325	807	1,741	1,941	2,102	2,174	2,246	2,312	2,384	2,453	4.0%
American	1,468	1,128	768	1,238	1,282	1,483	1,534	1,584	1,631	1,681	1,730	5.1%
Delta	1,505	1,168	568	1,238	1,452	1,677	1,734	1,792	1,844	1,902	1,957	5.1%
Southwest	4,656	3,475	1,628	3,394	4,190	4,203	4,346	4,489	4,621	4,765	4,903	2.7%
United	1,593	1,106	600	1,307	1,459	1,833	1,895	1,958	2,015	2,078	2,138	6.6%
Other signatory	1,179	859	445	880	1,253	1,411	1,459	1,507	1,552	1,600	1,646	4.7%
Passenger - signatory	12,103	9,061	4,815	9,797	11,577	12,710	13,142	13,576	13,975	14,410	14,827	4.2%
Passenger - nonsignatory	254	174	46	156	290	290	300	310	319	329	339	2.6%
Total	**12,356**	**9,235**	**4,861**	**9,953**	**11,868**	**13,000**	**13,443**	**13,886**	**14,294**	**14,739**	**15,166**	**4.2%**
Annual percentage change		-25.3%	-47.4%	104.8%	19.2%	9.5%	3.4%	3.3%	2.9%	3.1%	2.9%	
Enplanement Shares												
Alaska	13.8%	14.3%	16.6%	17.5%	16.4%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	
American	11.9%	12.2%	15.8%	12.4%	10.8%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%	
Delta	12.2%	12.7%	11.7%	12.4%	12.2%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	
Southwest	37.7%	37.6%	33.5%	34.1%	35.3%	32.3%	32.3%	32.3%	32.3%	32.3%	32.3%	
United	12.9%	12.0%	12.3%	13.1%	12.3%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	
Other signatory	9.5%	9.3%	9.2%	8.8%	10.6%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	
Passenger - signatory	97.9%	98.1%	99.1%	98.4%	97.6%	97.8%	97.8%	97.8%	97.8%	97.8%	97.8%	
Passenger - nonsignatory	2.1%	1.9%	0.9%	1.6%	2.4%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 27 | Forecast Seats and Aircraft Departures – Scenario 3 (High)

	Actual					Forecast						CAGR
Fiscal Year Ending in June	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2023-2029**
Seats (1,000s)												
Alaska	2,139	1,811	1,451	2,151	2,303	2,479	2,549	2,631	2,706	2,789	2,861	3.7%
American	1,712	1,463	1,020	1,420	1,501	1,736	1,785	1,844	1,898	1,957	2,014	5.0%
Delta	1,727	1,489	1,056	1,445	1,687	1,948	2,014	2,081	2,142	2,209	2,273	5.1%
Southwest	6,060	5,428	2,686	4,319	5,851	5,640	5,793	5,979	6,149	6,337	6,499	1.8%
United	1,836	1,434	845	1,495	1,693	2,127	2,200	2,272	2,339	2,412	2,482	6.6%
Other signatory	1,382	1,100	691	1,113	1,491	1,671	1,721	1,777	1,828	1,885	1,935	4.4%
Passenger - signatory	14,856	12,726	7,749	11,943	14,526	15,602	16,062	16,584	17,063	17,589	18,065	3.7%
Passenger - nonsignatory	319	246	86	207	349	345	355	366	377	388	399	2.3%
Total	**15,175**	**12,972**	**7,835**	**12,150**	**14,875**	**15,947**	**16,416**	**16,950**	**17,439**	**17,977**	**18,464**	**3.7%**
Annual percentage change		-14.5%	-39.6%	55.1%	22.4%	7.2%	2.9%	3.3%	2.9%	3.1%	2.7%	
Aircraft Departures (Landings)												
Alaska	17,381	14,719	12,731	18,321	18,316	19,638	20,114	20,687	21,200	21,769	22,253	3.3%
American	10,912	8,756	5,689	7,594	7,879	9,077	9,297	9,569	9,814	10,082	10,336	4.6%
Delta	11,566	9,411	5,835	7,819	9,819	11,295	11,637	11,978	12,284	12,620	12,938	4.7%
Southwest	39,175	33,477	16,695	26,993	36,644	35,186	36,010	37,031	37,947	38,962	39,813	1.4%
United	12,272	9,239	5,879	9,371	10,407	13,027	13,422	13,814	14,167	14,555	14,921	6.2%
Other signatory	8,010	6,425	3,882	6,422	8,258	9,279	9,520	9,794	10,039	10,310	10,548	4.2%
Passenger - signatory	99,316	82,027	50,711	76,520	91,323	97,502	100,001	102,872	105,451	108,298	110,809	3.3%
Passenger - nonsignatory	1,502	1,062	497	1,029	1,562	1,513	1,552	1,597	1,637	1,681	1,721	1.6%
Subtotal - passenger carriers	**100,818**	**83,089**	**51,208**	**77,549**	**92,885**	**99,015**	**101,553**	**104,469**	**107,088**	**109,980**	**112,529**	**3.2%**
All-cargo - signatory	2,783	2,755	3,017	2,913	2,547	2,730	2,639	2,684	2,661	2,673	2,667	0.8%
All-cargo - nonsignatory	539	676	563	574	570	572	571	572	571	571	571	0.0%
Subtotal - all-cargo carriers	**3,322**	**3,431**	**3,580**	**3,487**	**3,117**	**3,302**	**3,210**	**3,256**	**3,233**	**3,244**	**3,238**	**0.6%**
Total	**104,140**	**86,520**	**54,788**	**81,036**	**96,002**	**102,317**	**104,763**	**107,725**	**110,321**	**113,224**	**115,768**	**3.2%**

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 28 | Forecast Enplanement per Departure, Seats per Departure, and Boarding Load Factors - Scenario 3 (High)

	Actual					Forecast					
Fiscal Year Ending in June	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Enplanements per Departure											
Alaska	98	90	63	95	106	107	108	109	109	110	110
American	135	129	135	163	163	163	165	166	166	167	167
Delta	130	124	97	158	148	148	149	150	150	151	151
Southwest	119	104	97	126	114	119	121	121	122	122	123
United	130	120	102	139	140	141	141	142	142	143	143
Other signatory	147	134	115	137	152	152	153	154	155	155	156
Passenger - signatory	122	110	95	128	127	130	131	132	133	133	134
Passenger - nonsignatory	169	164	92	152	186	192	193	194	195	196	197
Total	**123**	**111**	**95**	**128**	**128**	**131**	**132**	**133**	**133**	**134**	**135**
Seats per Departure											
Alaska	123	123	114	117	126	126	127	127	128	128	129
American	157	167	179	187	191	191	192	193	193	194	195
Delta	149	158	181	185	172	172	173	174	174	175	176
Southwest	155	162	161	160	160	160	161	161	162	163	163
United	150	155	144	160	163	163	164	165	165	166	166
Other signatory	173	171	178	173	181	180	181	181	182	183	183
Passenger - signatory	150	155	153	156	159	160	161	161	162	162	163
Passenger - nonsignatory	212	232	173	201	223	228	229	229	230	231	232
Total	**151**	**156**	**153**	**157**	**160**	**161**	**162**	**162**	**163**	**163**	**164**
Boarding Load Factors											
Alaska	79.6%	73.2%	55.6%	80.9%	84.3%	84.8%	85.3%	85.4%	85.4%	85.5%	85.7%
American	85.7%	77.1%	75.3%	87.2%	85.4%	85.4%	85.9%	85.9%	85.9%	85.9%	85.9%
Delta	87.1%	78.5%	53.8%	85.6%	86.1%	86.1%	86.1%	86.1%	86.1%	86.1%	86.1%
Southwest	76.8%	64.0%	60.6%	78.6%	71.6%	74.5%	75.0%	75.1%	75.2%	75.2%	75.4%
United	86.8%	77.1%	71.0%	87.5%	86.2%	86.2%	86.2%	86.2%	86.2%	86.2%	86.2%
Other signatory	85.3%	78.1%	64.4%	79.0%	84.0%	84.4%	84.8%	84.8%	84.9%	84.9%	85.1%
Passenger - signatory	81.5%	71.2%	62.1%	82.0%	79.7%	81.5%	81.8%	81.9%	81.9%	81.9%	82.1%
Passenger - nonsignatory	79.5%	70.8%	53.4%	75.3%	83.3%	84.2%	84.6%	84.7%	84.7%	84.7%	84.9%
Total	**81.4%**	**71.2%**	**62.0%**	**81.9%**	**79.8%**	**81.5%**	**81.9%**	**81.9%**	**82.0%**	**82.0%**	**82.1%**

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 29 | Forecast Landed Weight and Average Weight per Landing - Scenario 3 (High)

	Actual					Forecast						CAGR
Fiscal Year Ending in June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2023-2029
Landed Weight (1,000,000 lbs.)												
Alaska	1,995	1,672	1,343	1,981	2,092	2,252	2,315	2,390	2,458	2,533	2,599	3.7%
American	1,566	1,299	918	1,239	1,318	1,524	1,567	1,618	1,666	1,718	1,768	5.0%
Delta	1,617	1,374	1,049	1,528	1,569	1,811	1,873	1,935	1,992	2,054	2,113	5.1%
Southwest	5,180	4,422	2,277	3,688	5,001	4,821	4,951	5,111	5,256	5,417	5,556	1.8%
United	1,702	1,285	771	1,321	1,514	1,902	1,967	2,032	2,092	2,157	2,219	6.6%
Other signatory	1,375	1,057	653	1,108	1,358	1,530	1,576	1,627	1,674	1,726	1,773	4.5%
Passenger - signatory	13,435	11,110	7,010	10,866	12,851	13,840	14,249	14,712	15,137	15,604	16,027	3.7%
Passenger - nonsignatory	447	307	70	231	416	421	433	447	460	474	487	2.6%
Subtotal - passenger	**13,882**	**11,417**	**7,080**	**11,097**	**13,268**	**14,261**	**14,682**	**15,160**	**15,598**	**16,078**	**16,514**	**3.7%**
All-cargo - signatory	593	587	613	621	560	594	577	586	582	584	583	0.7%
All-cargo - nonsignatory	7	49	87	45	41	43	42	42	42	42	42	0.5%
Subtotal - all-cargo	**600**	**636**	**700**	**667**	**601**	**637**	**619**	**628**	**624**	**626**	**625**	**0.6%**
Total	**14,481**	**12,053**	**7,780**	**11,764**	**13,869**	**14,899**	**15,302**	**15,788**	**16,221**	**16,704**	**17,139**	**3.6%**
Avg. Landed Weight (1,000 lbs.)												
Alaska	115	114	105	108	114	115	115	116	116	116	117	
American	144	148	161	163	167	168	169	169	170	170	171	
Delta	140	146	180	195	160	160	161	162	162	163	163	
Southwest	132	132	136	137	136	137	138	138	139	139	140	
United	139	139	131	141	145	146	147	147	148	148	149	
Other signatory	172	165	168	173	164	165	166	166	167	167	168	
Passenger - signatory	135	135	138	142	141	142	142	143	144	144	145	
Passenger - nonsignatory	298	289	140	225	267	278	279	280	281	282	283	
Subtotal - passenger	**138**	**137**	**138**	**143**	**143**	**144**	**145**	**145**	**146**	**146**	**147**	
All-cargo - signatory	213	213	203	213	220	218	219	218	219	218	218	
All-cargo - nonsignatory	12	73	154	79	72	75	73	74	74	74	74	
Subtotal - all-cargo	**180**	**185**	**195**	**191**	**193**	**193**	**193**	**193**	**193**	**193**	**193**	
Total	**139**	**139**	**142**	**145**	**144**	**146**	**146**	**147**	**147**	**148**	**148**	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

3.11 | Sources of Forecast Risk and Uncertainty

The forecasts use available information during the study, measurable factors that drive air traffic, and assumptions about their future trends. Actual results could differ materially from the forecasts if any assumptions do not hold or unexpected events cause traffic to decrease or increase significantly. The Airport operates in a dynamic business environment where various factors are at play. Many of these factors, often intertwined, are subject to volatility and uncertainty, introducing risk—both downside and upside—to forecast activity levels.

3.11.1 | Disease Outbreaks

Passenger air travel demand is sensitive to disease outbreaks. Disease outbreaks pose an unpredictable danger in various ways, such as customer confidence, health and safety, international travel policies, and the well-being and availability of sufficient staffing and labor.

In 2020, the COVID-19 pandemic became a significant threat to the entire aviation industry and could remain a danger for some time. Widespread vaccination helped contain the spread of the disease, restoring people's confidence in the public health and safety of air travel, and increasing people's comfort level with crowded spaces. Current infection levels sit among its lowest numbers throughout its pandemic history, and the WHO ended COVID-19's global emergency status as of May 5, 2023. Soon after, on May 11, 2023, the United States declared an end to its federal public health emergency. That said, continuous awareness and proper health safety practices remain essential to minimize serious illness, hospitalizations, and fatalities while maintaining public confidence.

3.11.2 | Economic Conditions

The aviation industry is pro-cyclical: traffic grows during economic expansion as consumer and business incomes rise, increasing overall demand, including for air travel. Conversely, traffic declines during an economic recession as consumer and business incomes fall, causing demand to fall.

Various factors can cause an economic recession. In 2020, the pandemic and the extreme mitigation measures triggered a global economic downturn. The U.S. economy recovered to its pre-pandemic output level in the second quarter of 2021 and has continued to grow, though at a slower pace. While the pandemic has eased, the U.S. economy faces other economic risks. Inflationary pressures and supply constraints remain the most pressing concerns in the short term. Other economic risks stem from international trade tensions, continuing geopolitical tensions, weakness in portions of the global economy, financial market volatility, and the high level of U.S. government and private debt.

The growth of the U.S. economy faces several headwinds resulting from unfavorable, long-term demographic shifts, including population aging and declining population growth. An aging population will raise government expenditures on social programs and exert upward budgetary pressure on the U.S. government. This pressure will add to high U.S. government debt levels, which increased during the pandemic with federal programs aimed at alleviating the impacts of the pandemic on individuals and businesses. In addition, a dwindling population base could gradually reduce the overall demand for consumer goods, including the demand for air travel.

3.11.3 | U.S. Airline Industry Volatility

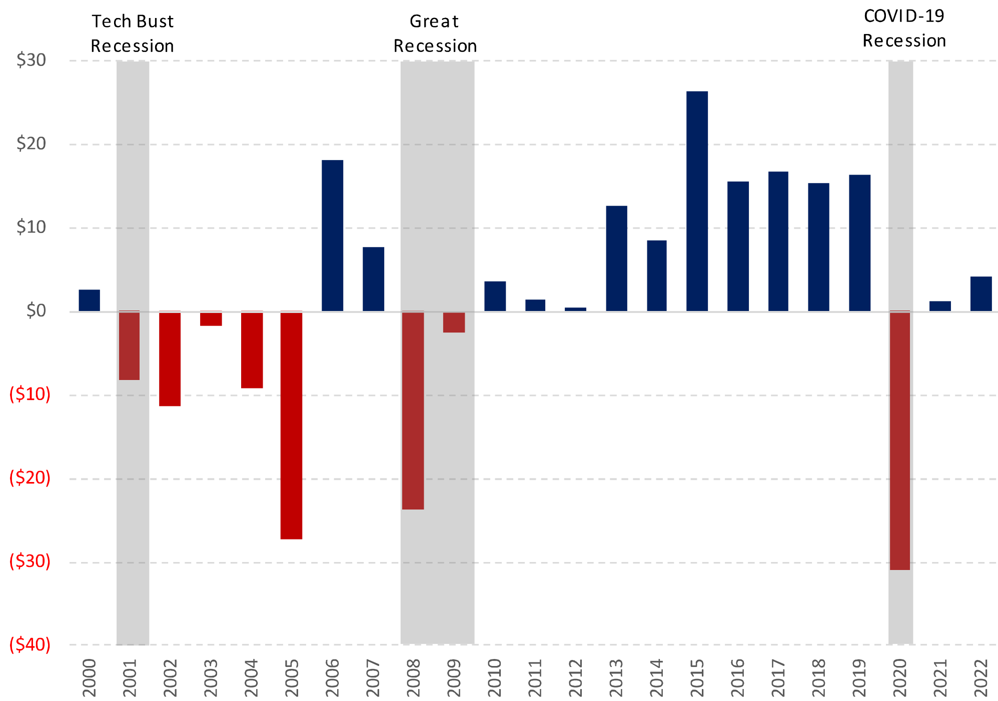
The U.S. airline industry is highly volatile. It is vulnerable to many exogenous factors, such as economic downturns, sharp increases in oil prices, adverse weather, disease outbreaks, travel restrictions, terrorism threats, and geopolitical tensions. Volatility shows in the U.S. airline industry's financial results.

Over the two decades before the pandemic, the U.S. scheduled passenger airline industry incurred annual net losses in 7 years, netting a profit of $61.2 billion over the 20 years from 2000 through 2019. Figure 68 illustrates the net income of U.S. scheduled airlines. After persistent losses during most of the 2000s, the U.S. scheduled passenger airline industry realized net profits almost yearly during the 2010s. The industry thrived amid the long economic expansion during the 2010s and the sharp decrease in fuel prices. The industry also reaped benefits from several business improvements made during the 2008-2009 Great Recession, including cost-cutting and productivity-enhancement measures. The improved financial performance enabled U.S. airlines to renew their fleets, increase scheduled flights and seats, and reduce capacity constraints.

In 2020, the U.S. scheduled passenger airline industry outlook took a dramatic downturn with the spread of COVID-19. Figure 69 shows the net income quarterly during the pandemic-induced economic downturn. As air travel slowed dramatically in the first half of 2020, U.S. scheduled passenger airlines incurred an annual net loss of more than $35 billion, the largest annual loss since 1977. However, in 2021, as air travel resumed, the industry began to recover some losses incurred in the previous year with a $1.2 billion profit. The industry endured additional smaller losses in the last quarter of 2021 and first quarter of 2022, which lined up with the pandemic's peak levels of infection due to the Omicron variant. Afterward, however, net income returned to positive numbers through the rest of the year.

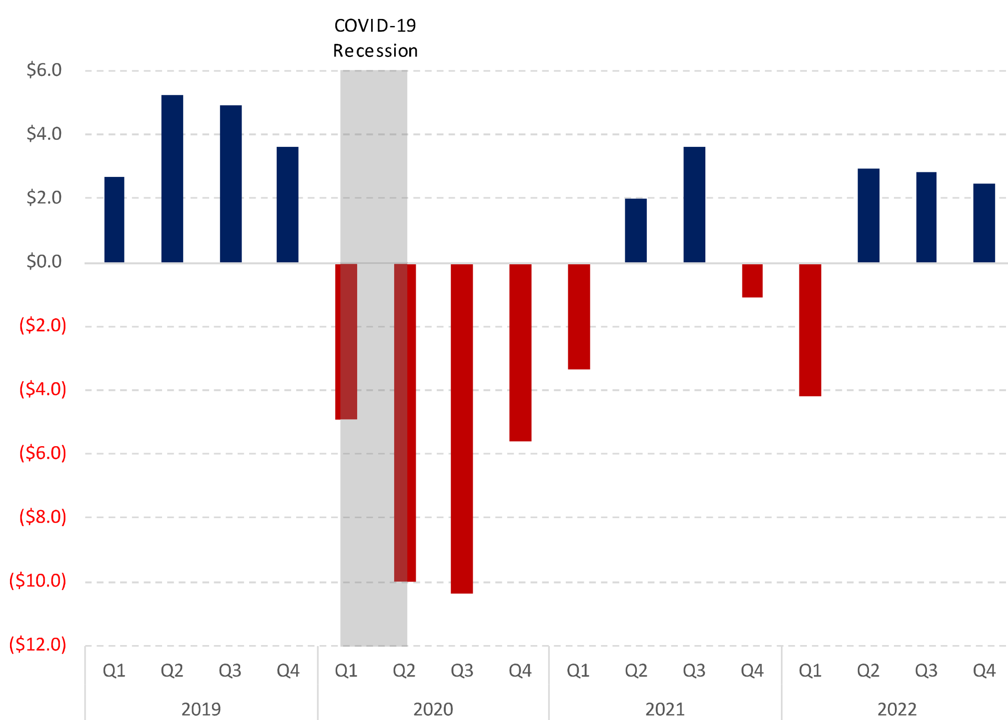
To alleviate the negative financial impact of the pandemic on U.S. airlines' finances, the U.S. federal government provided financial relief to the U.S. airlines in three federal aid packages: the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA); and the American Rescue Plan Act of 2021 (ARPA).

Figure 68 | Annual Net Income ($ Billions), U.S. Scheduled Airlines, 2000-2022



Sources: U.S. Bureau of Transportation Statistics (Form 41 Schedule P-1.2) and Unison Consulting, Inc.
Gray areas indicate economic recessions.

Figure 69 | Quarterly Net Income ($ Billions), U.S. Scheduled Airlines, Q1 2019-Q4 2022



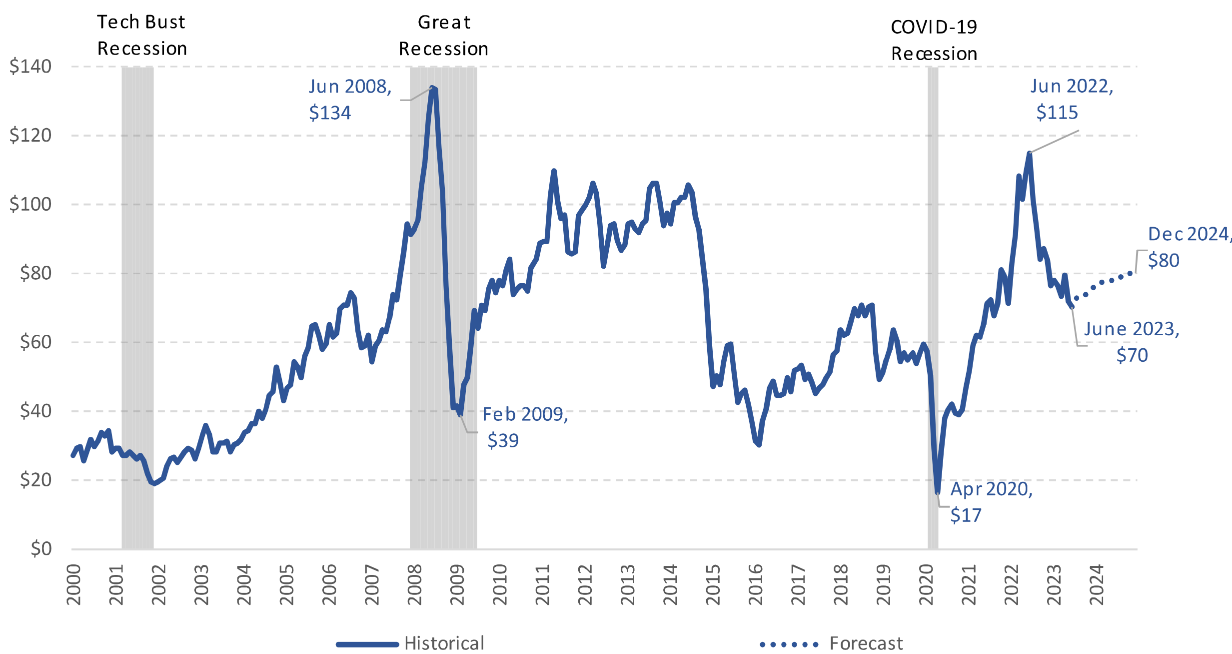
Sources: U.S. Bureau of Transportation Statistics (Form 41 Schedule P-1.2) and Unison Consulting, Inc.
Gray areas indicate economic recessions.

3.11.4 | Volatility Of Oil Prices and Implications for Aviation Fuel Cost

Volatility in oil prices directly affects aviation fuel costs, a significant component of airlines' operating costs (the correlation between prices is 0.95).[34] Increases in the price of oil, therefore, translate directly into higher airline fuel costs. Crude oil prices are presented in Figure 70, and the price of aviation fuel in Figure 71. In the 2000s, record oil price increases raised fuel costs, pressured airlines' finances, and contributed to extensive net losses industry-wide. However, oil prices fell steeply by 2015, contributing to sustained profitability in the U.S. airline industry in the 2010s.

In 2020, the global economic recession and the oil supply glut kept oil prices low. As a result, airlines enjoyed low fuel prices, providing some cost relief during the pandemic. In 2021, the global economic recovery began to push oil prices up. Oil prices rose to $115 per barrel in June 2022, exacerbated by the Russia-Ukraine conflict. That peak had since fallen, and as June 2023 prices had come down to $70 per barrel—however, they are currently forecast to increase back up to $80 per barrel through 2024. Nevertheless, oil prices will continue to respond to changing global economic conditions, geopolitical factors, and the unpredictability of actions taken by the Organization of the Petroleum Exporting Countries (OPEC).

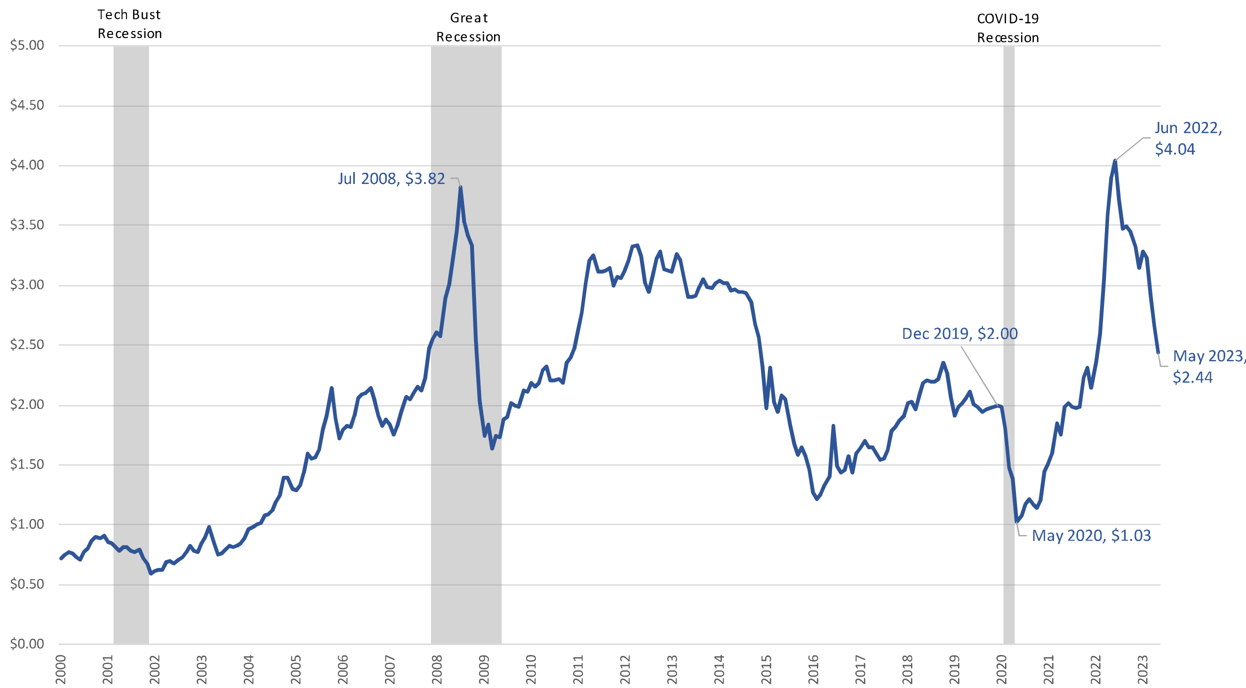
Figure 70 | Crude Oil Price, West Texas Intermediate, $/Barrel, January 2000-June 2023 (Forecast to December 2024)



Sources: U.S. Energy Administration and Unison Consulting, Inc.
Gray areas indicate economic recessions.

[34] Based on data from the U.S. Energy Administration and U.S. Bureau of Transportation Statistics and calculations by Unison Consulting, Inc.

Figure 71 | Aviation Fuel, Price per Gallon, Monthly, January 2000-May 2023



Sources: U.S. Bureau of Transportation Statistics; Unison Consulting, Inc.
Gray areas indicate economic recessions.

3.11.5 | Airline Market Concentration

Airline market concentration is a source of risk because it could lead to the abuse of market power or excessive price increases. Though Southwest Airlines is the largest carrier at SAN by a substantial margin, monopoly market power is currently not quite of a concern at the Airport with Southwest's market share staying below 40 percent. Additionally, Southwest's share saw a decrease in favor of Alaska Airlines' recent growth.

3.11.6 | Airline Economics, Competition, and Airfares

Airfares influence passenger demand, particularly for relatively short trips where the automobile (or occasional bus or train) is a viable alternative and for price-sensitive "discretionary" vacation travel. Airfares are affected by airline operating costs and debt burden, passenger demand, capacity and yield management, market presence, and competition.

The aviation activity forecasts for the Airport assume that, over the long term, annual increases in airfares do not exceed inflation. If they do, the increases in airfares will dampen forecast traffic growth.

3.11.7 | Airline Mergers

Over the long run, the airline industry has been consolidating in response to competition, cost, and regulatory pressure. Airline mergers affect service and traffic at airports when they consolidate facilities, optimize route networks, and route connecting traffic through other hubs. The impact on affected airports usually happens within a few years—sometimes immediately—following a merger. It can be significant or trivial, depending on whether the merging airlines have a large market share at an airport and whether they carry significant connecting traffic.

There is a potential merger on the horizon with JetBlue seeking to purchase Spirit for $3.8 billion, even terminating its alliance with American to protect the deal. If completed, JetBlue's merger deal with Spirit would be the biggest in the U.S. airline industry since American merged with U.S. Airways in 2013.[35] However, JetBlue and Spirit each have a very small presence at SAN, with only 2.4 and 2.6 percent of the Airport's FY2023 enplanements, respectively, and neither carries connecting traffic through SAN. Even combined, JetBlue and Spirit's total market share would not breach SAN's top five service providers.

3.11.8 | Structural Changes in Demand and Supply

Historically, major crises have prompted lasting structural changes on the aviation industry's demand and supply sides. For example, the 2001 terrorist attacks prompted more stringent airport security measures requiring passengers to arrive much earlier for departing flights, reducing the time advantage of air travel over ground transportation for short-haul flights. Likewise, the COVID-19 pandemic spurred changes in passenger travel and airline service, which could become permanent.

On the demand side, the pandemic has prompted changes in consumer behavior, social interactions, and business methods that would permanently alter travel propensities and preferences. Public health and safety concerns may influence customers to consider ground transportation for longer distances previously traveled by air. For vacation travel, consumers adapted to the pandemic environment by favoring less crowded and outdoor-oriented destinations. The accelerated adoption of technology for virtual meetings and conferences could result in a permanent downshift in business travel demand.

On the supply side, U.S. airlines have taken steps to become smaller—accelerating the retirement of old aircraft, deferring new aircraft orders, and cutting workforces during the worst period of the pandemic. However, the streamlined fleet and workforce have constrained U.S. airlines in restoring adequate capacity to accommodate the strong rebound in air travel demand. Moreover, U.S. airlines could take years to resolve these capacity constraints amid supply chain problems in aircraft manufacturing, a pilot shortage, and tight labor supply.

One favorable trend is the accelerated adoption of no-touch technologies by airlines, airports, and the TSA. These new technologies help allay public health and safety concerns and speed up

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[35] Reuters, "JetBlue says it will end alliance with American to save Spirit merger deal," *CNN Business*, July 5, 2023, https://www.cnn.com/2023/07/05/business/jetblue-alliance-american-airlines-spirit/index.html

passenger processing. By saving passengers time and reducing uncertainty, these technologies could help restore the competitiveness of air travel against ground transportation and stimulate traffic recovery and growth.

3.11.9 | Labor Supply Constraints

The COVID-19 pandemic and resulting recession led to employee layoffs across many airlines, and companies went into 2021 with a significantly smaller workforce than they had before the pandemic. In addition, the demand for leisure travel accelerated in the first half of 2021, requiring airlines to adjust their workforce to meet demand. However, inadequate staffing could limit airline capacity and slow air traffic growth. Competition between companies to attract and retain skilled personnel has intensified and threatens to impact industry growth.

Several factors contribute to the pilot shortage. First, approximately 5,000 experienced pilots accepted early retirement in response to airlines' efforts to cut staff during the pandemic. Second, many pilots historically gained their training via military service. However, the use of drones and reductions in military staff has limited that pathway. Third, the aviation industry is heavily gender-biased (women comprise only about 5 percent of the global pilot workforce). This failure to diversify severely reduces the size of the pilot labor force. Fourth, the working conditions and initial pay for new pilots are discouraging. The substantial investments in time, money, and experience required to become a pilot can be a disincentive to joining the industry.

3.11.10 | Geopolitical Conflicts and the Threat of Terrorism

Geopolitical conflicts and acts of terrorism disrupt air transportation. The terrorist attacks of September 11, 2001, serve as a constant reminder of the serious threat to the aviation industry. Travel threats and warnings elevate airport security measures, resulting in more meticulous passenger screening, longer waits at security screening lines, and increased passenger anxiety—all discouraging air travel.

The Russian invasion of Ukraine is the latest example of a geopolitical conflict affecting air transportation. The United States, Canada, and the European Union have closed their airspace to Russian aircraft. In retaliation, Russia has limited its airspace to the airlines of many countries. These constraints have significantly impacted flight routes and flight times for global travel.

SECTION 4 | AIRLINE OPERATING AND LEASE AGREEMENT

The Airport Authority has entered into separate but substantially similar Airline Operating and Lease Agreements, as amended (the AOLA) with 14 passenger airlines operating at SAN (the Signatory Passenger Airlines) and three all-cargo carriers (the Signatory Cargo Carriers, and together with the Signatory Passenger Airlines, the "Signatory Airlines"). The Signatory Passenger Airlines are currently Air Canada, Alaska, American, British Airways, Delta, Frontier, Hawaiian, Japan Airlines, JetBlue, Southwest, Spirit, Sun Country, United and WestJet. During Fiscal Year 2023, the Signatory Airlines enplaned approximately 99.0% of the passengers at the Airport. The Signatory Cargo Carriers are currently Atlas, FedEx and UPS.

In an effort to better match capacity with demand in some markets, certain Signatory Airlines have entered into agreements with affiliated passenger airlines (the Affiliate Airlines) to operate smaller aircraft on behalf of those Signatory Airlines. The Affiliate Airlines have each executed an agreement with the Airport Authority and the applicable Signatory Airline (the Affiliate Airline Operating Agreement). The Affiliate Airline Operating Agreements allow the Affiliate Airlines to operate at SAN on behalf of the applicable Signatory Airlines without the Affiliate Airlines having to execute an AOLA. The same rates, fees, and charges applicable to the Signatory Airlines' operations at SAN generally apply to the Affiliate Airlines' operations at SAN. In the event an Affiliate Airline fails to pay fees to the Airport Authority, the applicable Signatory Airline is responsible for the fees and charges billed to its Affiliate Airline.

The following two passenger airlines currently operate at SAN pursuant to the Non-Signatory Airline Operating Agreement (the Non-Signatory Airlines): Allegiant and Lufthansa. In addition, Ameriflight is an all-cargo airline that operates pursuant to the Non-Signatory Airline Operating Agreement[36].

4.1 | Term

The term of the AOLA began on July 1, 2019 and will terminate at the close of business on June 30, 2029.

4.2 | Use of Premises

The AOLA grants Signatory Airlines the right to use the Airport, in common with others so authorized, for the purpose of conducting their business for the commercial transportation by air of persons, property, mail, parcels and/or cargo. The Airport Authority leases to the Signatory Airlines the following types of premises (Premises) of the Airport, as defined in the AOLA: Exclusive Use Premises; Shared Use Premises; Joint Use Premises; Common Use Premises; Unenclosed Operations Premises; and Aircraft Parking Premises. The AOLA contains provisions that provide the Airport

[36] Swift Air, a cargo carrier that provides service for DHL, began operating at the Airport in July 2021, and currently operates at the Airport neither as a Signatory Airline nor as a Non-Signatory Airline. The Airport Authority and Swift Air are currently in negotiations as to whether Swift Air will continue operating at the Airport as a Signatory Airline or as a Non-Signatory Airline.

Authority flexibility to relocate Signatory Airlines, as necessary, to accommodate the implementation of improvements at the Airport, including implementation of the New T1, for accommodation of the traveling public, or in order to maximize the use of the terminals at SAN.

4.3 | Key Provisions to Enhance Funding of Capital Improvements

The AOLA contains provisions intended to enhance the Airport Authority's ability to meet its financial obligations and fund future capital improvements[37]. These key provisions are described in the paragraphs below.

4.3.1 | Major Maintenance Fund

A Major Maintenance Fund (MMF) was established to fund capital projects in the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support Cost Centers and Capital Projects in Indirect Cost Centers to the extent allocable to such cost centers. The AOLA stipulates that each Fiscal Year, the Airport Authority will deposit $40.0 million into the MMF, from the following revenue sources: $15.0 million from the Airfield Area, $15.0 million from the Terminal Area, and $10.0 million from non-airline revenue. However, to mitigate the effect of this provision on airline rates and charges during the COVID-19 pandemic, the Airport Authority reduced the FY2020 deposit to the MMF to $30.0 million in FY2020, with $10 million charged to the Airfield, $10.0 million charged to the Terminal, and $10.0 million from non-airline revenue sources. In FY2021 and FY2022, the MMF deposit was $10.0 million each year, all from non-airline sources, with no charges to either the Airfield Area or the Terminal Area. For FY2023 through FY2029, the Airport Authority plans to deposit $50.0 million per year into the MMF to make up for the deposits that were deferred, with $20.0 million charged to each of the Airfield and Terminal cost centers and $10.0 million from non-airline revenue sources. The airlines are required to pay these amounts as part of their landing fee and terminal rent obligations under the AOLA.

4.3.2 | Coverage Charges

Coverage Charges are included in the calculation of airline rates and charges, if needed, to ensure that 1.4 times debt service cash flow coverage is maintained. Coverage Charges are calculated in each Fiscal year as follows: 140 percent times Debt Service; plus O&M Expenses; minus Revenues, PFCs used to pay Debt Service, and Federal funds applied to Debt Service. If the calculation results in a positive number, the Coverage Charges are allocated to the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support cost centers in proportion to the Debt Service in each of those cost centers. If the calculation of coverage charges results in a negative amount, no coverage charges shall be imposed.

Any Coverage Charges available for use after the year-end reconciliation shall be used by the Airport Authority to either (1) reduce the amount of outstanding bonds, or (2) make a supplemental deposit to the Major Maintenance Fund.

[37] All capitalized terms used in this section refer to defined terms in the AOLA.

4.3.3 | Days Cash on Hand

Any available cash over 600 Days Cash on Hand (DCOH) may be used by the Airport Authority to either (1) reduce the amount of bonds outstanding in a subsequent Fiscal Year or (2) fund future capital projects.

4.3.4 | Passenger Facility Charges

The Airport Authority may allocate PFCs each year in order to manage the level of Cost per Enplanement (CPE). The Airport Authority allocated $30.0 million of PFCs to debt service in FY2022. The Airport Authority is not planning to allocate any PFCs to debt service during FY2023 – FY2025, in order to hold PFC collections to be used in later years, after the capitalized interest period ends on the Subordinate Series 2021AB Bonds, Series 2023AB Bonds and the future New T1-related bond issues. The Airport Authority will continue to collect PFCs each year during the forecast period. Currently, the Airport Authority plans to allocate approximately $310.0 million to debt service from FY2026 through FY2029.

4.4 | Rentals, Fees, and Charges

The Signatory Airlines pay the Airport Authority certain rentals, fees, and charges in consideration for their use of Airport facilities. The landing fee is calculated according to a cost center residual methodology, and the terminal rental rate is calculated according to a cost center compensatory methodology. The methodologies for calculating the airline rates and charges, as specified in the AOLA, are described in the following paragraphs.

In order to allocate the costs of operating, maintaining, and developing the Airport for the purposes of setting airline rates and charges, the Airport Authority has established various cost centers.

The Airport Authority establishes the following types of airline fees and charges:

- Landing Fees
- Aircraft Parking Position Rentals and Fees
- Terminal Rental Rates
    - Rent for Exclusive and Shared Use Premises
    - Joint Use Charges
    - Federal Inspection Service (FIS) Use Fees
- Common Use Fees
- Non-Signatory carriers pay Non-Signatory Airline Rates, Fees, and Charges

The Airport Authority is required under the AOLA to review the rentals, fees and charges at least once during each Fiscal Year. If such a review reveals a variation of more than five (5) percent between actual expenses and/or activity levels and those originally estimated by the Airport Authority, the Airport Authority may adjust the rentals, fees, and charges after consulting with the Signatory Airlines. A year-end reconciliation is also required by the AOLA. Within six (6) months after the end of each Fiscal Year, the Airport Authority is required to calculate the final rentals, fees, and charges based on the actual expenses and activity for the Fiscal Year. Any variations between the amounts paid by the Signatory Airlines and the amounts calculated based on actual expenses and activity are to be either refunded by the Airport Authority to the Signatory Airlines or paid to the Airport Authority by the Signatory Airlines.

4.4.1 | Landing Fees

The Signatory Airlines are required to pay for their use of the Airfield Area based on the Landing Fee rate, which is set at the beginning of each Fiscal Year, by first determining the Airfield Area Requirement, which is calculated as the sum of: O&M Expenses; Annual Net Debt Service; Amortization Charges; Reserve Deposits; Coverage Charges; Major Maintenance Fund Deposits; Bad Debt Expenses; and Fuel System Costs; minus fuel flowage fee revenue; fingerprinting revenue; ground handling concession revenue; 70 percent of inflight catering revenue; and any federal, State, or local grants allocable to the Airfield Area. The Landing Fee Rate is calculated by deducting from the Airfield Area Requirement the sum of Non-Signatory Landing Fees; Aircraft Parking Position Rentals; Aircraft Parking Position Turn Fees; and Aircraft Parking Position Overnight Fees; and then dividing by the cumulative Maximum Gross Landed Weight of the Signatory Airlines (in thousand-pound units) for the Fiscal Year.

4.4.2 | Aircraft Parking Position Rental Fees

In consideration for their use of Aircraft Parking Positions, the Signatory Airlines pay the following rentals and fees:

- Aircraft Parking Position Rentals, which are paid by Signatory Airlines for Terminal parking positions associated with preferential use gates and cargo parking positions.

- Aircraft Parking Position Turn Fees, which are charged for each operation utilizing a Terminal parking position associated with any of the following: a common use gate; an accommodation of an airline requesting a gate on a preferential use basis or a cargo parking position; a cargo carrier operation on a remote parking position; and an accommodation of a cargo carrier on another cargo carrier's cargo parking position.

- Aircraft Parking Position Overnight Fees, which are charged for each operation parking overnight at any of the following locations: remote parking positions; Terminal parking positions associated with common use gates; accommodations on Terminal parking positions associated with preferential use gates; and accommodations on cargo parking positions.

The percentage of the Airfield Area Requirement allocated to the Aircraft Parking Position calculation is 20 percent.

4.4.3 | Terminal Rental Rates

The Signatory Airlines are required to pay rent for Exclusive Use Premises[38], Joint Use Charges, and Common Use Fees for their use of the Terminal Area based on the Terminal Rental Rate, which is set at the beginning of each Fiscal Year, by first determining the Base Terminal Area Requirement, which is the sum of: O&M Expenses, Annual Net Debt Service, Amortization Charges, and Reserve Deposits allocable to the Terminal Area; minus federal, State, or local grants received to offset those amounts, and minus FIS fee revenue. The Base Terminal Area Rental Rate is calculated by dividing the Base Terminal Requirement by the square footage of the Leasable Premises. The Supplemental Terminal Rental Rate is calculated by dividing the sum of Coverage Charges, Major Maintenance Fund Deposits, and Bad Debt Expense allocable to the Terminal Area by the square footage of the Airline Leased Premises. The Terminal Rental Rate is calculated as the sum of the Base Terminal Rental Rate and the Supplemental Terminal Rental Rate.

4.4.4 | Joint Use Charges

The Signatory Airlines and Non-Signatory Airlines are required to pay Joint Use Charges for their use of the Joint Use Premises and Airline Terminal Support[39]. The Joint Use Charges are determined by first calculating the Joint Use Requirement (the Terminal Rental Rate multiplied by the total square footage of the Joint Use Premises), plus the sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to Airline Terminal Support[40], minus rental payments received for Unenclosed Operations Premises[41]. The Joint Use Charges are determined by two calculations. The first calculation takes 10 percent (10%) of the Joint Use Requirement, minus: (1) any Non-Signatory Airline Joint Use Charges, minus (2) the number of Signatory Airlines, excluding Cargo Carriers, with one percent (1%) or less of the enplanements at the Airport multiplied by two-tenths of one percent (0.2%) of the Joint Use Requirement, divided by (3) the number of Signatory Airlines, excluding Cargo Carriers, with more than one percent (1%) of

[38] Exclusive Use Premises are defined in the AOLA as those areas in the Terminal used exclusively by an airline, including (a) ticket counters, free-standing self-service kiosks, skycap podiums, curbside positions, and associated queuing space in Terminal 1 on a transitional basis until the DBO of new Terminal facilities to be constructed in the New T1; and (b) certain ticket offices and baggage service offices, airline clubrooms, and operational support areas.

[39] Joint Use Premises are defined in the AOLA as those areas used by one or more air carriers, including but not limited to hold rooms, passenger screening areas and baggage claim areas, as such areas may be modified and expanded from time to time by the Airport Authority. Airline Terminal Support is defined in the AOLA as Passenger Loading Bridges, Baggage Handling Systems, flight information displays (FIDS), gate information displays (GIDS), baggage information displays (BIDS), paging, and Airport Authority provided staffing, contractual services, facilities, equipment, and other support systems that provide security and other resources supporting Passenger Carrier operations not specifically identified in the Terminal Area.

[40] Once new Terminal facilities are completed and opened under the planned New T1, the Joint Use Requirement will include an additional amount equal to the Terminal Rental Rate multiplied by the total square footage of the Shared Use Premises.

[41] The Unenclosed Operations Premises are defined in the AOLA as those areas between the terminal building and the apron that are not equipped with utility services and that are assigned to airlines.

enplanements at the Airport. The second calculation takes 90 percent (90%) of the Joint Use Requirement, minus any Non-Signatory Airline Joint Use Charges, divided by the total Signatory enplanements.

4.4.5 | Common Use Fees

The Signatory Airlines and Non-Signatory Airlines are required to pay Common Use Fees for their use of Common Use Premises and Common Use Systems. The Common Use Fee is determined by multiplying the Terminal Rental Rate by the total square footage of the Common Use Premises, plus the sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to the Common Use Systems, minus the sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to Signatory Airlines excluded from paying Common Use Fees, minus Non-Signatory Common Use Fees, divided by the total Signatory Airline enplanements in Common Use System equipped terminals.

SECTION 5 | FINANCIAL ANALYSIS

This section reviews the framework for the financial operation of the Airport Authority, including key provisions of bond indentures that govern the Airport Authority's senior revenue bonds (Senior Bonds) and subordinate revenue obligations (Subordinate Obligations). This section also (1) reviews the recent historical financial performance of the Airport Authority, and examines the ability of the Airport Authority to generate sufficient Net Revenues and Subordinate Net Revenues (as defined in the bond indentures and explained later in this section)[42] in each Fiscal Year of the forecast period to meet the obligations of the bond indentures, and (2) discusses the information and assumptions underlying the financial forecasts, which include Revenues, Operation and Maintenance Expenses (O&M Expenses), debt service requirements, and debt service coverage. The financial analysis presented in this section reflects the base case air traffic forecast scenario presented in Section 3.

5.1 | Financial Framework

The Senior Series 2023 Bonds are being issued as Senior Bonds under and subject to the terms of the Master Senior Trust Indenture, dated as of November 1, 2005, as amended (the Master Senior Indenture), by and between the Airport Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the Senior Trustee), and the Fifth Supplemental Trust Indenture, to be dated as of ________ 1, 2023 (the Fifth Supplemental Senior Indenture, and collectively with the Master Senior Indenture and all prior supplements, the "Senior Indenture"), by and between the Airport Authority and the Senior Trustee. Except as noted otherwise, all capitalized terms in this section have the meanings set forth in the Master Senior Indenture and the Master Subordinate Indenture (defined below).

The Senior Series 2023 Bonds are secured by a pledge of and first lien on the Airport Authority's Net Revenues on a parity with any additional bonds or obligations issued or incurred on a parity with the Senior Series 2023 Bonds under the terms and provisions of the Senior Indenture. The Senior Series 2023 Bonds are special obligations of the Airport Authority, payable solely from and secured by a pledge of and first lien on Net Revenues and certain funds and accounts held by the Senior Trustee under the Senior Indenture.

Prior to the issuance of the Senior Series 2023 Bonds, the Airport Authority had issued the following outstanding Subordinate Obligations pursuant to the Master Subordinate Trust Indenture, dated as of December 1, 2007, as amended (the Master Subordinate Indenture), by and between the Airport Authority and U.S. Bank Trust Company, National Associate, as successor trustee (the Subordinate Trustee) and various supplemental subordinate trust indentures, that are secured by a pledge of Subordinate Net Revenues of the Airport Authority[43]:

[42] Capitalized terms not otherwise defined are used in this section as they are defined in the bond indentures.

[43] On February 1, 2014, the Airport Authority issued $305.3 million of Senior Special Facilities Revenue Bonds (the "Series 2014 Bonds"), which are special limited obligations of the Airport Authority, payable from and

- In November 2021, the Airport Authority issued $1,941.74 million of its Subordinate Airport Revenue Series 2021A and Series 2021B Bonds and Subordinate Airport Revenue Refunding Series 2021C Bonds (the Subordinate Series 2021 Bonds).
- In April 2020, the Airport Authority issued $241.64 million of its Subordinate Airport Revenue Refunding Series 2020A, Series 2020B, and Series 2020C (the Subordinate Series 2020 Bonds).
- In December 2019, the Airport Authority issued $463.68 million of its Subordinate Airport Revenue and Revenue Refunding Series 2019A and Series 2019B (the Subordinate Series 2019 Bonds). The Subordinate Series 2019 Bonds were issued as Subordinate Obligations
- In August 2017, the Airport Authority issued $291.2 million of its Subordinate Airport Revenue Bonds Series 2017A and Series 2017B (the Subordinate Series 2017 Bonds). The Subordinate Series 2017 Bonds were issued as Subordinate Obligations The Series 2017 Bonds are special obligations of the Airport Authority, secured by a pledge of Subordinate Net Revenues, and certain funds and accounts held by the Subordinate Trustee.
- In July 2021, the Board authorized the issuance, from time to time, of up to $200.0 million of Subordinate Airport Revenue Revolving Obligations (the Subordinate Revolving Obligations) pursuant to a revolving credit agreement entered into with Bank of America, N.A. As of the date of this Report, $80.1 million of these Subordinate Revolving Obligations were outstanding.

The Subordinate Series 2021 Bonds, the Subordinate Series 2020 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2017 Bonds, and the Subordinate Revolving Obligations are special obligations of the Airport Authority, secured by a pledge of Subordinate Net Revenues, and certain funds and accounts held by the Subordinate Trustee.

The Airport Authority, with the assistance of Jefferies LLC, as dealer manager, has released an "Invitation to Tender Made by San Diego County Regional Airport Authority" dated [September __, 2023] (the Tender Offer), inviting owners of the Subordinate Series 2021C Bonds to tender such bonds for purchase by the Airport Authority. The purchase of tendered bonds will be funded by a portion of the proceeds of the Senior Series 2023 Bonds. The tender is expected to close concurrently with the issuance of the Senior Series 2023 Bonds. The financial analysis presented in this Section, including the projected debt service requirements, does not assume any purchase of tendered bonds.

Under the Master Senior Indenture, the Airport Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues at least equal to the following amounts: (1) the aggregate annual debt service on any outstanding Senior Bonds; (2) the required deposits to any Senior Debt Service Reserve Fund; (3) the reimbursement owed to any

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secured by a pledge of CFCs. The Series 2014 Bonds are not secured by a pledge of the Net Revenues or Subordinate Net Revenues of the Airport Authority.

credit provider or liquidity provider as required by a Supplemental Senior Indenture; (4) the interest on and principal of any indebtedness other than Outstanding Senior Bonds, including Subordinate Obligations; and (5) payments of any reserve requirement for debt service for any indebtedness other than Outstanding Senior Bonds, including Subordinate Obligations.

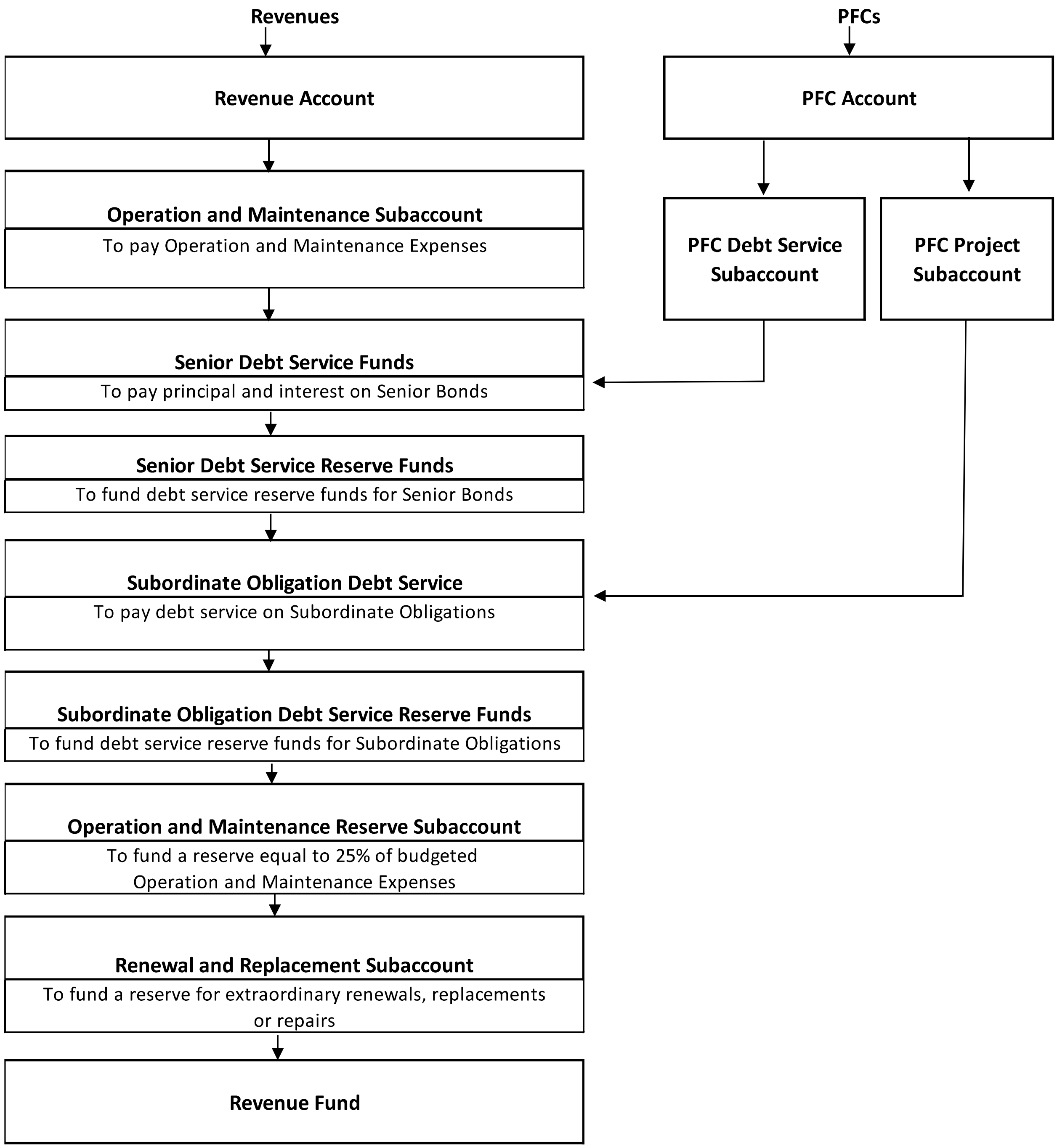
The Airport Authority has also covenanted in the Master Senior Indenture to establish and collect fees and charges in each Fiscal Year, which will generate Net Revenues at least equal to 125 percent of aggregate annual debt service on the Outstanding Senior Bonds. This provision is known as the "Senior Rate Covenant."

Under the Master Subordinate Indenture, the Airport Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Subordinate Net Revenues at least equal to the following amounts: (1) the interest on and principal of the Outstanding Subordinate Obligations required to be funded by the Airport Authority in such Fiscal Year; (2) the required deposits to any Subordinate Debt Service Reserve Fund; (3) the reimbursement owed to any credit provider or liquidity provider; (4) the interest on and principal of any indebtedness other than Special Facility Obligations, senior lien revenue bonds and Outstanding Subordinate Obligations, including obligations issued with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations; (5) payments of any reserve requirement for debt service for any indebtedness other than Senior Bonds and Outstanding Subordinate Obligations, including obligations issued with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations.

The Airport Authority has also covenanted in the Master Subordinate Indenture to establish and collect fees and charges in each Fiscal Year which will generate Subordinate Net Revenues of at least 110 percent of Aggregate Annual Debt Service on the Outstanding Subordinate Obligations. This provision is known as the "Subordinate Rate Covenant."

Figure 72 illustrates the application and priority in the uses of Revenues and PFCs, as specified in the Master Senior Indenture and the Master Subordinate Indenture.

Figure 72 | Flow of Funds



5.2 | Airport Authority Financial Statements

The basic financial statements of the Airport Authority are reported using the economic resources measurement focus and the accrual basis of accounting, which means that revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. The Independent Auditor's Report for the year ended June 30, 2022 (the most recent fiscal year for which audited financial statements are available) states that, in the opinion of the independent auditors, the Airport Authority's financial statements for those years were presented in conformity with accounting principles generally accepted in the United States of America. Financial information is presented based on the Airport Authority's fiscal year beginning July 1 of each calendar year and ending on June 30 of the succeeding calendar year. The Airport Authority's FY2022 audited financial statements show that as of June 30, 2022, the Airport Authority had total assets of approximately $5,377.1 million, total liabilities of $4,464.7 million, and total net assets of approximately $912.4 million.

Table 30 summarizes the Airport Authority's operating results for FY2018 through FY2022 presented in the audited financial statements, the Net Revenues presented in this Report, and a reconciliation between the two presentations. The Net Revenues presented in this Report are calculated pursuant to the definitions of Revenues, Operation and Maintenance Expenses (O&M Expenses), and Net Revenues included in the Master Senior Indenture—with the exception of grant reimbursements. Grant reimbursements are included in the definition of Revenues in the Master Senior Indenture, but they are excluded from the projections of Revenues in this Report, in order to reflect only the ongoing operations of the Airport Authority.

The reconciling items between the annual Operating Profit or Loss reported in the audited financial statements and the Net Revenues presented in this Report consist of depreciation and amortization expense[44], interest income (excluding interest earned on unspent PFCs and CFCs)[45], Federal relief funds[46], RCC busing expenses paid with CFCs[47], Governmental Accounting Standards Board (GASB) non-cash funded liability [48], the Joint Studies Program expenses[49], and GASB 87 Lease Adjustment[50].

[44] Depreciation and amortization expense is included in Operating Expenses in the audited financial statements, but it is excluded from the definition of O&M Expenses in the Master Senior Indenture.

[45] Interest Income, excluding interest earned on unspent PFCs and CFCs, is included in the definition of Revenues in the Master Senior Indenture, but is not included in the calculation of Operating Profit or Loss on the audited financial statements because it is classified as Non-Operating Revenue.

[46] This amount represents that amount of Federal relief funds related to COVID-19 that were applied to O&M Expenses in FY2020, FY2021 and FY2022.

[47] The definition of O&M Expenses in the Master Senior Indenture excludes expenses paid with CFCs (the definition of Revenues excludes CFC revenue).

[48] The GASB non-cash funded liability represents non-cash accounting entries made by the Airport Authority to comply with reporting requirements for the audited financial statements.

[49] Joint Studies Program expenses are included in the definition of O&M Expenses in the Master Senior Indenture, but they are not part of the calculation of Operating Profit or Loss on the financial statements because they are included in Non-Operating Expenses.

[50] Effective July 1, 2020, GASB 87 requires the recognition of certain leases to be recorded as liabilities and right-of-use assets. This has resulted in non-cash entries to re-classify operating revenues and expenses to balance sheet assets and liabilities and modifies in the timing and the classification, operating vs non-operating, of the recognition of revenues and expenses.

Table 30 | Historical Financial Results

Category	2018	2019	2020	2021	2022
Audited Statement of Revenues and Expenses					
Operating Revenues	$266,079,130	$293,678,932	$263,035,972	$223,973,900	$319,253,894
Less: Operating Expenses	(274,652,093)	(301,547,639)	(293,837,620)	(277,808,147)	(291,233,232)
Operating Gain (Loss)	**($8,572,963)**	**($7,868,707)**	**($30,801,648)**	**($53,834,247)**	**$28,020,662**
Net Revenues per Master Senior Indenture					
Revenues	$276,983,726	$306,683,097	$280,572,988	$227,747,144	$324,096,640
Federal Relief Funds	0	0	16,080,061	51,218,785	60,790,418
Less: O&M Expenses	(157,246,523)	(165,925,555)	(152,377,707)	(139,258,325)	(156,925,116)
Net Revenue per Master Senior Indenture	**$119,737,203**	**$140,757,542**	**$144,275,342**	**$139,707,604**	**$227,961,942**
Reconciliation					
Operating Gain (Loss) per Financial Statements	($8,572,963)	($7,868,707)	($30,801,648)	($53,834,247)	$28,020,662
Depreciation and Amortization Expense	105,531,703	124,328,880	131,587,039	137,495,515	141,918,773
Interest excluding interest on PFCs and CFCs	11,445,451	13,454,311	17,838,099	12,311,902	13,754,961
Federal Relief Funds	0	0	16,080,061	51,218,785	60,790,418
RCC Expenses	7,909,104	10,407,134	8,497,367	6,793,029	7,617,800
Actuarial Liability Adjustments	3,537,583	435,910	1,074,421	4,120,467	(5,062,107)
GASB87 Lease Adjustment	0	0	0	(18,397,847)	(19,078,565)
Joint Studies Program	(114,387)	0	0	0	0
Rounding	713	14	2	0	0
Net Revenue per Master Senior Indenture	**$119,737,203**	**$140,757,542**	**$144,275,342**	**$139,707,604**	**$227,961,942**

Source: Airport Authority records and the San Diego County Regional Airport Authority's FY2022 Annual Comprehensive Financial Report.

5.3 | Operation and Maintenance Expenses

The Master Senior Indenture defines "Operation and Maintenance Expenses," or "O&M Expenses," as the total operation and maintenance expenses of the Airport as determined in accordance with generally accepted accounting principles, excluding depreciation expense and any operation and maintenance expenses payable from moneys other than Revenues, such as PFCs and CFCs. Table 31 presents recent audited historical O&M Expenses from FY2018 through FY2022 and unaudited historical O&M Expenses from FY2023. Total O&M expenses increased from approximately $157.2 million in FY2018 to $165.9 million in FY2019. The increases in FY2019 were due in part to the additional obligations from the Terminal 2 expansion, the Terminal 2 Parking Plaza, and the Terminal 2 West FIS Buildout.

In March 2020, the Airport Authority implemented a number of cost-cutting measures in response to the decrease in air traffic. These measures included adopting an "essential spend" strategy in order to economize during the current environment. Initiatives implemented by the Airport Authority to reduce expenses have included the following:

- Delaying all nonessential spending, such as marketing efforts
- Renegotiating contractual agreements, where possible
- Implementing a hiring freeze
- Performing essential maintenance in-house, thereby reducing contractual services costs

- Reducing parking and shuttle operations
- Delaying annual and major maintenance projects, where possible

Largely as a result of these cost-cutting measures, which were implemented in response to the decrease in air traffic, total O&M Expenses decreased to $152.4 million in FY2020 and $139.3 million in FY2021. As activity at the Airport began to return to pre-pandemic levels, total O&M Expenses increased to $156.9 million in FY2022 and $178.3 million in FY2023. The historical changes in the various categories of O&M Expenses are discussed in the subsections below.

The projections of O&M Expenses reflect the Airport Authority's FY2024 budget; anticipated future expense trends, including an inflation factor; the impact of increased passenger activity; and the projected operating expense impacts of projects in the Capital Program. Increases in certain categories of O&M Expenses are projected in FY2026, to reflect the anticipated effects of the opening of the first phase of the New T1. O&M Expenses are budgeted to increase to $192.9 million in FY2024, based on the Airport Authority's budget. During the forecast period, total O&M Expenses are projected to increase to approximately $268.0 million in FY2029, as shown in Table 32. The projected changes in the various elements of O&M Expenses are explained in the sub-sections below.

Table 31 | Historical O&M Expenses

O&M Expense Categories	For Fiscal Years Ended June 30						Compound Annual Growth
	Actual					Unaudited	
	2018	2019	2020	2021	2022	2023	
Personnel	$44,328,131	$49,142,135	$50,592,427	$48,801,890	$51,435,175	$55,368,044	4.5%
Contractual Services	37,339,120	39,495,672	29,196,265	18,183,567	26,872,879	34,606,820	-1.5%
Safety and Security	30,733,076	31,397,061	29,456,871	35,085,809	34,190,686	34,110,677	2.1%
Utilities	12,509,607	13,194,012	12,747,898	11,729,710	14,193,387	17,803,081	7.3%
Maintenance	12,602,989	13,435,561	11,584,301	9,110,600	10,746,604	15,708,402	4.5%
Space Rent	10,189,836	10,190,910	10,207,066	10,266,658	11,330,487	10,504,633	0.6%
Business Development	3,245,988	2,630,035	2,033,123	208,640	1,781,323	1,898,033	-10.2%
Other Expenses	6,297,776	6,440,170	6,559,756	5,871,451	6,374,575	8,250,642	5.6%
Total O&M Expenses	**$157,246,523**	**$165,925,555**	**$152,377,707**	**$139,258,325**	**$156,925,116**	**$178,250,332**	2.5%

Source: Airport Authority records.

Table 32 | Projected O&M Expenses

O&M Expense Category	Fiscal Years Ending June 30						Compound Annual Growth
	Projected						
	2024	2025	2026	2027	2028	2029	2024-2029
Personnel	$58,214,708	$62,315,307	$65,655,478	$69,038,032	$72,582,513	$76,296,802	5.6%
Contractual Services	40,193,860	42,297,094	44,537,124	45,873,238	47,753,711	67,417,067	10.9%
Safety and Security	37,248,234	39,083,547	41,817,980	43,072,520	45,088,563	46,682,509	4.6%
Utilities	21,565,772	23,912,612	27,128,477	27,942,332	29,917,744	31,194,323	7.7%
Maintenance	12,766,554	13,500,958	15,966,664	16,445,664	17,894,045	18,749,203	8.0%
Space Rent	10,572,940	10,590,740	10,590,740	10,590,740	10,590,740	10,590,740	0.0%
Business Development	3,192,998	3,499,823	3,604,818	3,712,962	3,824,351	3,939,082	4.3%
Other Expenses	9,170,763	9,451,991	11,176,097	11,517,260	12,533,547	13,137,063	7.5%
Total O&M Expenses	$192,925,830	$204,652,073	$220,477,378	$228,192,747	$240,185,214	$268,006,789	6.8%

Source: Airport Authority and Unison Consulting, Inc.

5.3.1 | Personnel

Personnel expenses are the largest category of O&M Expenses. Personnel expenses increased from $44.3 million in FY2018 to $50.6 million in FY2020. This increase was driven by an increase in the headcount from 395 in FY2017 to 413 in FY2020, merit increases, increases in retirement contributions, increased medical benefits, and a decrease in staff costs charged to capital projects. Due to the cost-cutting measures mentioned above, personnel expenses decreased to $48.8 million in FY2021. Personnel expenses increased to $51.4 million and $55.4 million in FY2022 and FY2023, respectively, due to wage increases and the Airport Authority filling some of its vacancies as air traffic began to recover.

Personnel expenses are budgeted to continue to increase to $58.2 million in FY2024 due to budgeted position increases and wage increases. Personnel expenses are projected to increase to $76.3 million in FY2029 due to anticipated annual wage increases and increased benefit costs.

5.3.2 | Contractual Services

The Contractual Services category consists primarily of fees incurred for contracts for services supplied by vendors, such as parking management and parking shuttle costs, janitorial services for the terminals and Airport Administration space, contracts with program management support services, legal consultants, and other consultants. Contractual Services increased from approximately $37.3 million in FY2018 to $39.5 million in FY2019, mainly due to increased expenses for parking and shuttle operations, including the costs of the new inter-terminal shuttle. Contractual Services expenses decreased to $29.2 million and $18.2 million in FY2020 and FY2021, respectively, due to decreases in terminal janitorial costs, shuttle and parking costs, and various cost-cutting measures implemented by the Airport Authority during the air traffic downturn. Contractual Services increased to $26.9 million in FY2022 due to increased activity in the terminal buildings. Contractual Services increased to $34.6 million in FY2023.

Contractual Services are budgeted to continue to increase to $40.2 million in FY2024, mainly due to the reopening of valet parking, increased inter-terminal shuttle services, increased employee parking shuttle services, and San Diego Flyer shuttle services. Contractual Services are projected to increase to $67.4 million in FY2029 with the majority of the increase expected to occur when the new T1 is completed in FY2029.

5.3.3 | Safety and Security

Charges for police and fire services represent the majority of the expenses under the Safety and Security category (83.3 percent of Safety and Security expenses FY2022). Most of the remainder of the Safety and Security category is composed of the costs of a private security company that provides staff to perform inspections, secure perimeter gates, and certain communication and dispatching functions. Police services are provided by the Port District Law Enforcement-Harbor Police Department, as mandated by the Act that created the Airport Authority. Airfield Rescue and Fire Fighting (ARFF) services are provided by the City of San Diego. Total Safety and Security expenses fluctuated from a low of $29.5 million in FY2020 to a high of $35.1 million in FY2021. The increases have included increases in Harbor Police hourly rates, retirement benefits, and overhead. Safety and Security expenses remained relatively flat in FY2023.

Safety and Security expenses are estimated to increase to $37.2 million in FY2024. Safety and Security expenses are projected to increase to $46.7 million in FY2029 due to additional staff requirements related to the opening of the New T1 and general wage increases.

5.3.4 | Utilities

Utilities expenses include costs paid for the use electricity, natural gas, water, telephone and internet services. These expenses increased from approximately $12.5 million in FY2018 to $13.2 million in FY2019. Utility expenses decreased to $12.7 million in FY2020 and $11.7 million in FY2021, respectively, due to decreased utility usage during the downturn in air traffic. Utilities expenses increased to $14.2 million in FY2022 due to increased usage from increased activity at the Airport. In FY2023, Utilities expenses increased to $17.8 million because of higher utility rates.

Utilities expenses are budgeted to continue to increase to $21.6 million in FY2024. The increases are mostly driven by higher anticipated utility rates charged to the Airport Authority. Utilities expenses are projected to increase between FY2026 and FY2029 as the New T1 opens in phases, to $31.2 million in FY2029.

5.3.5 | Maintenance

During the pandemic, the Airport Authority limited all non-essential maintenance at the Airport. In addition, Airport staff completed all essential maintenance. As a result, Maintenance expenses decreased from $12.6 million in FY2018 to a low of $9.1 million in FY2021. In FY2022, Maintenance expenses increased to $10.7 million as a result of the Airport Authority completing more maintenance projects. Maintenance expenses increased to $15.7 million in FY2023 because the Airport Authority completed deferred maintenance projects.

In FY2024, Maintenance expenses are budgeted to decrease to $12.8 million. Maintenance expenses are estimated to increase to approximately $16.0 million in FY2026 due to the opening of the first phase of the New T1, and then increase to $18.7 million in FY2029 as a result of the additional space and equipment that will be added with the full completion of the New T1.

5.3.6 | Space Rent

Space rental expense consists of lease payments to the Port District for properties adjacent to the Airport, including the former General Dynamics and Teledyne Ryan parcels. Space rental payments increased slightly, from approximately $10.2 million in FY2018 to $11.3 million in FY2022, reflecting contractual lease adjustments. Space rental expenses were $10.5 million in FY2023. This line item is budgeted to be $10.6 million in FY2024 due to lease adjustments, and it is projected to remain at that level throughout the forecast period, reflecting the long-term nature of the Airport Authority's lease agreements.

5.3.7 | Business Development

Business Development expenses include costs for advertising, membership and dues, postage and shipping, promotional activities and materials, and travel. Business Development expenses decreased from $3.2 million in FY2018 to $0.2 million in FY2021. The initial decrease in FY2019 was the result of these expenses returning to normal levels after the Airport Authority incurred higher expenses in FY2018 related to the sponsorship and marketing activities for the AAAE annual conference that was held in San Diego. The decreases in FY2020 and FY2021 were the result of cost-cutting measures, which included a reduction to the concessions marketing program and advertising expenses and limited air service development incentives. Business Development expenses increased to $1.8 million and $1.9 million in FY2022 and FY2023, respectively, as the Airport Authority resumed marketing and advertising programs with the recovery of air traffic.

Business Development expenses are budgeted to increase to $3.2 million in FY2024 and are projected to increase to $3.5 million in FY2025. These increases are primarily due to the Airport Authority's plans to market the New T1, parking facilities and the concessions programs. Business Development expenses are projected to continue to increase by 3.0 percent per year to $3.9 million in FY2029.

5.3.8 | Other

Other expenses include employee development and support; equipment rentals and repairs; insurance; operating equipment and systems; operating supplies; tenant improvements; and other expenses. The total amount of these expenses increased from approximately $6.3 million in FY2018 to $6.6 million in FY2020. This line item decreased to $5.9 million in FY2021 as a result of the Authority's cost cutting measures. Other expenses increased to $6.4 million in FY2022. Other expenses increased to $8.3 million in FY2023.

Other expenses are budgeted to increase to $9.2 million in FY2024. The Airport Authority's FY2024 budget reflects the planned implementation of a new property management software. Other expenses are projected to increase to $13.1 million in FY2029 due to anticipated increases related to the New T1, including software systems, IT maintenance and support contracts, common use system maintenance, and insurance.

5.4 | Debt Service and Amortization Charges

As discussed in Section 1, the funding plan for the Airport Authority's Capital Program includes approximately $970.3 million in project funding from the proceeds of the Senior Series 2023 Bonds. The estimated sources and uses of the Senior Series 2023 Bonds are presented in Table 33.

Table 33 | Estimated Sources and Uses of the Senior Series 2023 Bonds

	Series 2023A	**Series 2023B**	**Total Series 2023**
Sources			
Par Amount	$171,170,000	$951,405,000	$1,122,575,000
Premium	9,239,028	16,105,392	25,344,420
Total Sources	**$180,409,028**	**$967,510,392**	**$1,147,919,420**
Uses			
Project Fund	$153,680,135	$816,581,536	$970,261,671
Capitalized Interest	14,535,102	83,245,816	97,780,918
Debt Service Reserve Fund	10,989,250	61,021,250	72,010,500
Underwriters Discount/COI/Rounding	1,204,541	6,661,789	7,866,331
Total Uses	**$180,409,028**	**$967,510,392**	**$1,147,919,419**

Source: Frasca & Associates, LLC. Does not assume any purchase of tendered bonds.

The estimated debt service for the Series 2023 Bonds assume an all-in True Interest Cost (TIC) of 4.88 percent, with capitalized interest assumed through about July 1, 2025.[51] All assumptions are preliminary and subject to change. The actual terms of the Series 2023 Bonds may differ from what is assumed for this financial analysis.

The funding plan for the Capital Program assumes additional debt will be issued during the forecast period to fund a portion of the costs of the New T1. The debt service projections assume one future senior bond issue in January 2025 (the Senior Series 2025 Bonds). For this analysis, it is assumed that the Senior Series 2025 Bonds will have a par amount of approximately $1.06 billion, with an all-in TIC of 6.0 percent and the majority of capitalized interest extending through December 2027. The Airport Authority will continue to evaluate the funding plan as the New T1 is developed, and the assumptions regarding a future bond issue may be revised in the future as more information becomes available.

The projected debt service is presented on Table 34. The projected debt service includes the estimated Senior Series 2023 debt service, the estimated debt service for a future series of bonds, and is shown net of estimated capitalized interest.

Total debt service is projected to increase from $93.7 million in FY2022 to $99.4 million in FY2023 due to an increase in debt service for the Series 2019A and B Bonds. Total debt service is projected to increase to $103.2 million in FY2024 due to an increase in the Series 2021A debt service. Debt service is projected to decrease to $97.8 million in FY2025 due to reductions in debt service for the Series 2020B/C Refunding Bonds and the Series 2019A Refunding Bonds, and to increase to $215.1 million in FY2026 as the capitalized interest ends for the Series 2021B Bonds and the Series 2023 Bonds. Debt service is projected to increase to $281.1 million in FY2028 and $307.1 million in FY2029 when the anticipated debt service for the assumed future Series 2025 Bonds debt service requirements begins.

5.5 | Revenues

The Master Senior Indenture defines “Revenues” as all income, receipts, earnings and revenues received by the Airport Authority from the operation and ownership of the Airport. Excluded from the definition of Revenues are PFCs, CFCs, interest income on unspent PFCs and CFCs, Federal relief funds, and certain other items. The Airport Authority has covenanted that all Revenues will be deposited into the Revenue Account within the Revenue Fund to be pledged as security for the Senior Bonds, the Subordinate Obligations, and any additional bonds issued pursuant to the Master Senior Indenture and the Master Subordinate Indenture.

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[51] Capitalized interest is assumed to coincide with the estimated construction periods for the various projects assumed to be funded with the Series 2023 Bonds. The majority of the capitalized interest is anticipated to end by July 1, 2025.

Table 34 | Projected Debt Service

Bond Series	Actual	Projected						
	Fiscal Years Ending June 30							
	2022	2023	2024	2025	2026	2027	2028	2029
Senior Bonds:								
Series 2013 A	2,796,441	-	-	-	-	-	-	-
Series 2013 B	8,034,719	-	-	-	-	-	-	-
Total Series 2013	10,831,161	-	-	-	-	-	-	-
Planned Series 2023	-	-	9,333	435,062	56,128,750	56,128,750	71,993,750	71,990,500
Planned Series 2025	-	-	-	84,265	1,011,179	1,011,179	51,140,749	77,183,100
Total Senior Lien	$ 10,831,161	$ -	$ 9,333	$ 519,327	$ 57,139,929	$ 57,139,929	$ 123,134,499	$ 149,173,600
Subordinate Obligations:								
Series 2017 A	9,496,500	9,498,000	9,497,750	9,495,500	9,496,000	9,498,750	9,498,250	9,499,250
Series 2017 B	9,419,250	9,416,750	9,417,750	9,416,750	9,418,500	9,417,500	9,418,500	9,416,000
Total Series 2017	$18,915,750	$18,914,750	$18,915,500	$18,912,250	$18,914,500	$18,916,250	$18,916,750	$18,915,250
Series 2019 A Refunding	9,570,000	9,572,500	9,572,500	8,470,000	8,470,000	8,470,000	8,470,000	8,470,000
Series 2019 A	6,015,461	10,361,250	10,359,750	10,361,250	10,360,250	10,361,500	10,359,500	10,359,000
Series 2019 B	7,051,453	8,060,350	8,062,100	8,058,100	8,058,350	8,062,350	8,059,600	8,060,100
Total Series 2019	22,636,914	27,994,100	27,994,350	26,889,350	26,888,600	26,893,850	26,889,100	26,889,100
Series 2020 A Refunding	3,260,750	3,263,000	3,260,000	2,726,750	2,724,500	2,727,750	2,731,000	2,729,000
Series 2020 B/C Refunding	22,609,000	22,600,750	22,606,750	17,609,750	17,603,250	17,603,500	17,604,000	17,608,500
Total Series 2020	25,869,750	25,863,750	25,866,750	20,336,500	20,327,750	20,331,250	20,335,000	20,337,500
Series 2021 A	332,000	664,000	4,427,125	5,179,950	25,273,800	25,279,550	25,278,550	25,275,800
Series 2021 B	-	-	-	1,217	57,506,650	57,505,400	57,509,900	57,508,900
Series 2021 C Refunding	15,162,102	26,000,773	25,998,091	25,993,970	9,024,419	9,024,419	9,024,419	9,024,419
Total Series 2021	15,494,102	26,664,773	30,425,216	31,175,136	91,804,869	91,809,369	91,812,870	91,809,121
Total Subordinate	82,916,516	99,437,373	103,201,816	97,313,236	157,935,719	157,950,719	157,953,720	157,950,971
Total Debt Service	$93,747,677	$99,437,373	$103,211,149	$97,832,563	$215,075,648	$215,090,648	$281,088,220	$307,124,571

Source: Airport Authority records and Frasca & Associates, LLC. Does not assume the purchase of any tendered bonds. The above table reflects assumptions regarding a future bond issue in 2025. As the New T1 is developed, the Airport Authority will continue to evaluate the funding plan as the New T1 is developed, and the assumptions regarding a future bond issue may be revised in the future as more information becomes available.

Historical and projected Revenues are presented on Table 35 and Table 36, respectively. Revenues decreased from approximately $277.0 million in FY2018 to $227.7 million in FY2021 before increasing to $324.1 million in FY2022 and $411.2 million in FY2023, due to the factors described in the sub-sections below. Revenues are budgeted to increase to $447.6 million in FY2024, and they are projected to increase to $672.0 million in FY2029. The projections of the various categories of Revenues are explained in the sub-sections below.

5.5.1 | Airline Revenues

Airline revenues consist of landing fees, aircraft parking fees, terminal rentals, common use fees, FIS use charges, joint use fees, and other aviation revenue, net of reductions for the Air Service Incentive Program, as discussed later this this section. Prior to FY2020, the Signatory Airlines also paid a separate Security Surcharge to reimburse the Airport Authority for the cost of providing security in the airfield and terminal areas. Beginning in FY2020, under the provisions of the new AOLA, security costs are now being recovered through landing fees and terminal rents.

Total Airline revenues increased by an average of 9.5 per year from $123.2 million in FY2018 to $194.3 million in FY2023. The increases are mostly driven by increased O&M expenses allocated to the airline cost centers and increased debt service from the Series 2019 Bonds. Total Airline revenues are budgeted to continue to increase to $226.6 million in FY2024 because of additional increases in the O&M and debt service allocated to the airline cost centers. Airline revenues are projected to increase $387.8 million in FY2029 because of the additional O&M and debt service allocated to the Terminal in support of the new T1. The components of the airline revenues are discussed below.

5.5.2 | Landing Fees

Landing fees increased from $23.9 million in FY2018 to $33.2 million in FY2020 due to the $10 million portion of the annual MMF deposit that was allocated to the Airfield cost center. The AOLA allowed for the Airport Authority to include $15 million of the MMF deposit in the Airfield cost center; however, in response to the downturn in air traffic, the Airport Authority reduced the portion allocated to the Airfield to $10 million. Landing fees increased in FY2021 and FY2022 because of increased O&M and debt service allocated to the Airfield cost center. In addition, ground handling fees, which are a credit to the Airfield Area Requirement, decreased by $1.3 million in FY2021. The Airport Authority offset the increased Airfield Area Requirement in FY2021 and FY2022 by deferring the MMF deposit in those years. Landing fees increased to $44.6 million in FY2023, mainly due to increased O&M Expenses allocated to the Airfield cost center and the resumption of the annual deposit to the MMF, which increased to $20 million to recoup the deposits that had been deferred in FY2020 and FY2021. The increased annual deposit to the MMF will continue until FY2029.

The Airfield Area Requirement includes a $14.7 million credit in FY2023 and a $5.5 million credit in FY2024 from the use of federal relief funds to reduce airline costs. Landing fees are projected to increase to $76.8 million in FY2029 as a result of increased debt service and amortization allocated to the Airfield cost center, increased O&M Expenses allocated to the Airfield cost center, and the ending of the credit from the federal relief funds. The calculations of the projected Airfield Net Requirement and landing fee rate are shown on Table 37. Based on the

Table 35 | Historical Revenues

	For Fiscal Years Ended June 30						Compound Annual Growth
	Actual					Unaudited	
	2018	2019	2020	2021	2022	2023	2018 - 2023
Airline Revenue							
Landing Fees	$23,900,414	$24,816,308	$33,241,411	$34,046,302	$35,350,349	$44,595,662	13.3%
Aircraft Parking Fees	3,235,788	3,471,363	8,354,053	8,541,326	8,859,770	11,148,915	28.1%
Terminal Rentals	63,533,823	72,319,630	29,764,891	26,948,140	32,531,441	49,069,106	-5.0%
Common Use Fees	-	-	7,627,629	7,369,019	8,230,945	11,032,894	N/A
FIS Use Charge	-	-	3,261,820	984,860	2,201,290	3,219,300	N/A
Joint Use Fees	-	-	49,426,560	55,330,838	62,362,974	79,064,006	N/A
Security Surcharge	32,303,267	33,558,621	-	-	-	-	N/A
Other Aviation Revenue	183,910	188,211	161,162	884,586	235,174	267,877	7.8%
Incentive Program	-	-	-	(62,080)	(2,078,912)	(4,097,315)	N/A
Total Airline Revenue	$123,157,202	$134,354,133	$131,837,525	$134,042,991	$147,693,032	$194,300,445	9.5%
Non-Airline Revenue							
Building and Other Rents	2,035,733	2,163,147	2,460,888	2,589,064	2,647,034	2,729,414	6.0%
Concessions							
Rental Cars	31,464,479	34,304,635	26,070,018	16,973,062	38,647,373	43,500,703	6.7%
Food and Beverage	12,640,069	13,949,528	10,753,084	4,206,180	14,317,798	14,409,646	2.7%
Gifts and News	7,735,413	8,186,875	6,343,380	3,245,777	7,958,709	8,621,769	2.2%
License Fees	5,782,383	6,849,951	6,174,751	3,369,435	6,325,839	8,660,733	8.4%
Other Terminal Concessions	3,331,389	3,100,994	3,854,855	1,633,340	5,219,779	4,114,434	4.3%
Cost Recovery	4,656,124	4,864,309	4,047,234	1,669,075	4,495,512	4,703,824	0.2%
Total Concessions	$65,609,858	$71,256,292	$57,243,322	$31,096,869	$76,965,010	$84,011,109	5.1%
Parking and Ground Transportation	53,254,029	62,817,900	50,750,966	27,446,678	57,074,673	65,398,498	4.2%
Ground rentals	20,072,905	20,646,993	18,925,455	19,259,872	23,286,341	25,062,616	4.5%
Other Operating Revenue	1,408,548	1,990,322	1,516,733	1,338,471	2,675,590	3,442,823	19.6%
Interest Income	11,445,451	13,454,311	17,838,099	11,973,199	13,754,961	36,297,181	26.0%
Total Non-Airline Revenue	$153,826,525	$172,328,964	$148,735,463	$93,704,153	$176,403,608	$216,941,641	7.1%
Total Revenues	$276,983,726	$306,683,097	$280,572,988	$227,747,144	$324,096,640	$411,242,086	8.2%

Source: Airport Authority records.

Table 36 | Projected Revenues

	Fiscal Years Ending June 30						Compound Annual Growth
	2024	2025	2026	2027	2028	2029	2024 - 2029
Airline Revenue							
Landing Fees	$54,436,856	$60,128,564	$67,602,146	$69,917,117	$74,025,272	$76,704,611	7.1%
Aircraft Parking Fees	15,048,268	16,614,108	18,655,342	19,279,575	20,272,065	20,918,759	6.8%
Terminal Rentals	53,820,816	54,002,842	26,878,968	30,089,708	38,965,344	45,423,144	-3.3%
Common Use Fees	10,830,738	10,072,358	13,146,238	16,227,673	20,949,446	24,083,567	17.3%
FIS Use Charge	3,789,657	4,225,640	3,518,266	3,588,631	3,660,404	3,733,612	-0.3%
Joint Use Fees	91,032,594	92,843,579	138,038,175	150,549,524	189,851,485	216,628,491	18.9%
Other Aviation Revenue	283,068	289,909	297,805	304,828	312,614	319,408	2.4%
Incentive Program	(2,620,523)	(1,720,290)	-	-	-	-	N/A
Total Airline Revenue	$226,621,473	$236,456,711	$268,136,940	$289,957,056	$348,036,631	$387,811,591	11.3%
Non-Airline Revenues							
Building and Other Rents	2,588,527	2,598,812	2,609,305	2,620,007	2,630,922	2,642,056	0.4%
Concessions:							
Rental Cars	42,071,943	42,125,386	43,483,818	44,736,670	46,104,696	47,420,509	2.4%
Food and Beverage	14,717,244	15,545,777	16,404,637	17,249,584	18,170,308	19,099,435	5.4%
Gifts and News	8,702,370	9,192,285	9,700,133	10,199,754	10,744,182	11,293,579	5.4%
License Fees	8,299,410	8,550,970	9,135,720	9,456,540	9,697,075	9,944,622	3.7%
Other Terminal Concessions	4,479,161	4,731,323	4,992,715	5,249,873	5,530,094	5,812,871	5.4%
Cost Recovery	4,528,343	4,980,992	5,113,509	5,253,218	5,397,159	5,545,500	4.1%
Total Concessions	82,798,471	85,126,733	88,830,531	92,145,638	95,643,514	99,116,516	3.7%
Parking & Ground Transportation	70,710,636	88,363,519	91,917,592	94,622,639	97,451,942	100,311,529	7.2%
Ground rentals	22,988,090	23,229,980	23,451,559	23,677,941	23,909,243	24,145,586	1.0%
Other Operating Revenue	1,788,753	2,095,659	2,110,024	2,127,546	2,147,067	2,169,534	3.9%
Interest Income	40,105,949	69,478,883	66,200,569	60,515,476	59,483,800	55,834,081	6.8%
Total Non-Airline Revenues	$220,980,425	$270,893,586	$275,119,581	$275,709,246	$281,266,488	$284,219,303	5.2%
Total Revenues	$447,601,898	$507,350,297	$543,256,520	$565,666,302	$629,303,119	$672,030,894	8.5%

Source: Airport Authority records and Unison Consulting, Inc.

unaudited actual expenses and revenues, the landing fee rate was $3.20 in FY2023. Based on the financial projections described above, and the forecast aircraft landed weight, the Signatory Landing Fee Rate is projected to increase from $3.78 in FY2024 to $4.67 in FY2029.

5.5.3 | Aircraft Parking Fees

Aircraft parking fees are assessed based on the number of aircraft parking positions assigned to each airline at the terminal gates and in remote parking positions. Aircraft parking fees increased from $3.2 million in FY2018 to $8.9 million in FY2022. The increased Aircraft parking fees were a result of the change in calculation in the new AOLA. Previously, 10 percent of the Airfield Area Requirement was allocated to the Aircraft Parking Position calculation. In the new AOLA, 20 percent of the Airfield Area Requirement is allocated to the Aircraft Position calculation. In addition, the increase occurred because of increased O&M expenses allocated to the Airfield cost center. In FY2023, Aircraft parking fees increased to $11.1 million because of increased O&M Expenses and debt service, and the reinstated MMF deposit allocated to the Airfield.

Aircraft parking fees are budgeted increase to increase to $15.0 million in FY2024 because of anticipated increases in O&M Expenses. Aircraft parking fees are projected to increase to $20.9 million in FY2029 because of increased O&M expenses and debt service allocated to the Airfield.

5.5.4 | Terminal Rentals

Terminal rentals increased from $63.5 million in FY2018 to $72.3 million in FY2019. The increase was driven by increases in the O&M expenses and debt service allocated to the Terminal cost center. Beginning in FY2020, Common Use Fees and Joint Use Fees were accounted for separately from Terminal Rentals. As a result of the separation of the accounts, Terminal rentals decreased to $29.8 million in FY2020. In FY2021, the Airport Authority deferred the Terminal's portion of the MMF deposit to reduce airline costs. As a result, Terminal rentals decreased to $26.9 million in FY2021. In FY2022, Terminal rentals increased to $32.5 million because of increased O&M expenses allocated to the Terminal cost center. Terminal rentals increased to $49.1 million in FY2023 because of increased O&M Expenses and debt service allocated to the Terminal, and the Terminal's portion of the MMF deposit being reinstated and increased to $20 million.

Table 37 | Projected Landing Fees

Calculation Elements	Fiscal Years Ending June 30						
	Unaudited	Projected					
	2023	2024	2025	2026	2027	2028	2029
Airfield Costs							
O&M Expenses	$66,076,004	$66,523,560	$69,944,034	$71,788,197	$73,676,942	$75,640,063	$77,680,678
Debt Service	7,474,060	9,366,262	9,459,757	17,489,964	17,494,477	19,458,422	19,998,376
Amortization Charges	4,809,387	4,741,028	5,009,739	5,594,362	6,477,961	6,608,606	9,155,718
Reserve Deposits	1,780,094	2,080,443	1,497,616	822,197	1,178,622	2,497,715	956,902
Major Maintenance Fund	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total Airfield Requirement	$100,139,546	$102,711,293	$105,911,147	$115,694,720	$118,828,002	$124,204,806	$127,791,673
Credits:							
Fuel Flowage	267,877	283,068	289,909	297,805	304,828	312,614	319,408
Finger Printing Revenue	201,738	162,299	142,090	124,408	108,916	94,431	81,871
Ground Handling Concession Revenue	6,302,592	5,268,544	5,440,025	5,611,507	5,767,875	5,939,145	6,102,482
Inflight Services Revenue (70%)	1,650,699	1,506,707	1,554,417	1,834,317	1,925,987	2,003,026	2,083,147
Quieter Home Program Grants	21,075,144	21,662,955	23,028,000	23,028,000	23,028,000	23,028,000	23,028,000
TSA Operating Grant Reimbursement	219,200	296,000	296,000	296,000	296,000	296,000	296,000
Federal Relief Funds	14,677,718	5,485,650	-	-	-	-	-
Total Credits	$44,394,967	$34,665,224	$30,750,442	$31,192,037	$31,431,607	$31,673,216	$31,910,909
Airfield Area Requirement	**$55,744,578**	**$68,046,070**	**$75,160,705**	**$84,502,683**	**$87,396,396**	**$92,531,590**	**$95,880,764**
Less: Non-Signatory Landing Fees	884,621	822,363	899,001	1,006,565	1,034,804	1,090,272	1,123,402
Less: Aircraft Parking Position Fees	11,148,916	13,609,214	15,032,141	16,900,537	17,479,279	18,506,318	19,176,153
Airfield Net Requirement	**$43,711,042**	**$53,614,493**	**$59,229,563**	**$66,595,581**	**$68,882,313**	**$72,935,000**	**$75,581,209**
Signatory Landed Weight (1,000 lb. units)	13,654,043	14,165,214	14,529,050	14,970,604	15,360,369	15,796,563	16,185,817
Signatory Landing Fee Rate	$3.20	$3.78	$4.08	$4.45	$4.48	$4.62	$4.67
Non-Signatory Landing Fee Rate	$3.84	$4.54	$4.89	$5.34	$5.38	$5.54	$5.60

Source: Airport Authority records and Unison Consulting, Inc.

Terminal rentals are budgeted to increase to $53.8 million in the FY2024 Budget. These increases are expected to occur because of further increases to O&M Expenses allocated to the Terminal cost center. Terminal rentals are projected to fluctuate from FY2025 to FY2029 based on the amount of expected airline leased square footage compared to common use and joint use space. Terminal rental revenue is projected to equal $45.4 million in FY2029.

Table 38 presents the terminal rental rate, which is projected to increase from $250.61 in FY2023 to $516.31 because of increased O&M Expenses allocated to the Terminal cost center, increased debt service allocated to the Terminal cost center, the elimination of the credit from federal relief funds after FY2024, and required reserve deposits.

5.5.5 | Common Use Fees

Common Use fees are charged to the airlines for the use of the common use systems. Common Use fees decreased from $7.6 million in FY2020 to $7.3 million in FY2021 because of the reduction in the Terminal rental rate that was driven by the deferral of the deposit to the MMF. In FY2022, Common Use fees increased to $8.2 million because of increased O&M expenses and debt service allocated to the Terminal cost center. Common Use fees increased to $11.0 million in FY2023 because of the increases to the Terminal described above.

Table 38 | Projected Terminal Rental Rate

Calculation Elements	Fiscal Years Ending June 30						
	Unaudited	Projected					
	2023	2024	2025	2026	2027	2028	2029
Terminal Costs							
O&M Expenses	70,174,766	77,707,952	83,042,417	90,860,530	94,317,996	100,003,678	104,499,116
Revenue Bond Debt Service	59,160,884	63,043,833	58,143,336	63,057,518	81,059,689	136,075,251	179,151,243
Amortization Charges	9,556,712	8,815,129	8,427,043	9,142,143	9,605,033	8,715,138	9,683,805
Reserve Deposits	3,560,189	4,160,886	592,318	1,644,395	2,357,244	4,995,429	1,913,804
Total Terminal Requirement	**$142,452,551**	**$153,727,799**	**$150,205,114**	**$164,704,587**	**$187,339,963**	**$249,789,495**	**$295,247,967**
Credits:							
Operating Grant Revenue	-	-	-	-	-	-	-
FIS Use Charge	3,219,300	3,789,657	4,225,640	3,518,266	3,588,631	3,660,404	3,733,612
Federal Relief Funds	8,824,337	4,540,109	-	-	-	-	-
Total Credits	$12,043,637	$8,329,766	$4,225,640	$3,518,266	$3,588,631	$3,660,404	$3,733,612
Base Terminal Area Requirement	**$130,408,914**	**$145,398,034**	**$145,979,474**	**$161,186,321**	**$183,751,332**	**$246,129,092**	**$291,514,355**
Terminal Leasable Square Footage	587,683	587,683	587,683	618,293	618,293	618,293	618,293
Base Terminal Area Rental Rate	**$221.90**	**$247.41**	**$248.40**	**$260.70**	**$297.19**	**$398.08**	**$471.48**
Supplemental Terminal Area Requirement							
Major Maintenance Fund	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000
Airline Leased Square Footge	443,194	443,194	443,194	446,124	446,124	446,124	446,124
Supplemental Terminal Rate	**$45.13**	**$45.13**	**$45.13**	**$44.83**	**$44.83**	**$44.83**	**$44.83**
Terminal Rental Rate	**$267.03**	**$292.54**	**$293.53**	**$305.53**	**$342.02**	**$442.91**	**$516.31**
NonSignatory Terminal Rental Rate	**$320.44**	**$351.04**	**$352.23**	**$366.63**	**$410.43**	**$531.49**	**$619.58**

Source: Airport Authority records and Unison Consulting, Inc.

Common Use fees are projected to continue to increase to $24.1 million in FY2029 because of cost increases associated with the new T1, including debt service and O&M expenses.

5.5.6 | FIS Use Charge

Beginning in FY2020, the Airport Authority began charging the airlines $10.00 for each international arriving seat for the use the Airport's international facilities. In FY2020, the Airport Authority collected approximately $3.3 million in FIS Use Charge revenues. This revenue decreased to approximately $1.0 million in FY2021 as a result of the significant reduction in international arriving seats. This revenue increased to $2.2 million in FY2022 and $3.2 million in FY2023. As international traffic continues to recover, FIS Use Charge revenues are projected to increase to $3.7 million in FY2029.

5.5.7 | Joint Use Fees

As described above in Section 4, Joint Use fees are charged to the airlines for the use of the joint use facilities at the Airport. Beginning in FY2020, these fees began being accounted for separately from the terminal rental revenues and the common use fee revenues. Joint Use fees increased from $49.4 million in FY2020 to $62.3 million in FY2022 because of increased O&M Expenses and debt service. Joint Use fees increased to $79.1 million in FY2023 because of the increased O&M Expenses and debt service allocated the Terminal and the increased deposit to the MMF. Joint Use fees are projected to increase to $216.6 million in FY2029. The significant increases are expected to occur because of increased O&M Expenses and debt service allocated to the Terminal and the Airline Terminal Support cost centers and an increase in Joint Use square footage in the New T1.

5.5.8 | Security Surcharge

The Signatory Airlines paid a Security Surcharge to reimburse the Airport Authority for the cost of providing security in the airfield and terminal areas. The security costs incorporated into the calculation of the Security Surcharge included allocated O&M Expenses, debt service costs, amortization charges, and terminal rent for the security check point areas used by the TSA for passenger security screening. This revenue category increased from approximately $32.3 million in FY2018 to $33.6 million in FY2019, reflecting the historical increases in the cost of providing security. Beginning in FY2020, under the provisions of the new AOLA, airside security costs are now included in the Airfield cost center and terminal security costs are now included in the Airline Terminal Support cost center.

5.5.9 | Other Aviation Revenue

Other Aviation Revenues consist primarily of fuel farm franchise fees. These revenues increased from approximately $184,000 in FY2018 to $188,000 in FY2019 before decreasing to $161,000 in FY2020 because of reduced activity. In FY2021, these revenues increased to $885,000 mainly due to minimum fees owed by some Signatory airlines while air traffic was still recovering. These revenues decreased to $235,000 in FY2022. Other Aviation revenues are estimated to increase from $278,000 in FY2023 to $319,000 in FY2029.

5.5.10 | Incentive Program

The Air Service Incentive Program (ASIP), which started on January 1, 2021, is intended to increase SAN's nonstop destinations, enable fair access for new entrants, promote competition, and restart air service that was impacted in recent years. This revenue category is a reduction in airline revenues because it represents the credits awarded by the Airport Authority to qualifying airlines. ASIP credits totaled approximately $62,000 in FY2021 and increased to $2.1 million in FY2022. ASIP credits increased to $4.1 million in FY2023. ASIP credits are budgeted to be $2.6 million in FY2024. ASIP credits are projected to decrease to $1.7 million in FY2025.

5.5.11 | Non-Airline Revenues

Non-airline revenues consist of building rents, terminal concession revenues, parking and ground transportation revenues, ground rentals, other operating revenue, and interest income. Non-airline revenues increased from $153.8 million in FY2018 to $172.3 million in FY2019. These revenues decreased to $148.7 million in FY2020 and $93.7 million in FY2021 because of the pandemic related reduction in passenger activity. As passenger traffic began to recover, non-airline revenues increased to $176.4 million in FY2022 and $216.9 million in FY2023. Non-airline revenues are projected to increase from $221.0 million in FY2024 to $284.2 million in FY2029. The changes and projected changes are discussed below.

5.5.12 | Building and Other Rents

The Airport Authority receives rent from non-airline tenants for space rented in the terminal buildings and other areas. This revenue category increased from $2.0 million in FY2018 to $2.7

million in FY2023, due to the increase in terminal rental rates. Building and Other Rent revenue is projected to remain relatively flat at $2.6 million throughout the projection period.

5.5.13 | Concessions

The Airport Authority receives percentage concession fees, subject to a minimum annual guarantee (MAG), from rental car, food and beverage, news and gift, and other concessionaires. The concession revenue is calculated as a percentage of each concessionaire's sales, subject to MAG amounts. The various types of concession revenues and the historical trends and projected future increases are described in the sub-sections below. The concession revenue projections are based on percentage gross sales only. The MAGs either have been reset or are intended to be reset (depending on the category of concessions), in response to the effect of the downturn in air traffic and concession revenues starting in 2020.

Rental Car Revenues

The largest component of the terminal concession revenue category is rental car concession revenue. Currently, the following 15 rental car brands operate at the Airport: Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Payless, Sixt, Thrifty Zipcar, NuCar, U-Save, and Green Motion. The rental car companies that operate at the Airport pay a concession fee of 10 percent of their gross revenues, plus a cost recovery fee for the operating expenses of the RCC (defined in Section 1). Rental car concession revenue, including the RCC cost recovery component, increased from approximately $31.5 million in FY2018 to $34.3 million in FY2019, but then decreased to $26.1 million in FY2020 and $17.0 million in FY2021, reflecting the reduced activity. Rental car revenues increased to $38.6 million in FY2022 and $43.5 million in FY2023 as passenger recovery continued.

Rental car concession revenue at SAN, expressed on a per-originating enplanement basis, increased from $2.72 in FY2018 to $2.79 in FY2019 and $2.83 in FY2020, and then increased significantly to $3.59 in FY2021 and $3.90 in FY2022, reflecting nationwide industry trends, as the rental car companies reduced inventory and increased prices. Rental car concession revenue per originating enplanement declined to $3.65 in FY2023, which indicates that rental car companies may have reduced prices or passengers chose alternate modes of transportation. The ratio of rental car transaction days per originating enplanement remained relatively stable from FY2018 to FY2022, ranging from 0.54 to 0.59. In FY2023, this ratio reduced to 0.45 which indicates passengers were either renting cars for less days or choosing alternate modes of transportation.

Beginning in FY2022, rental car concession revenue, including the RCC cost recovery component exceeded levels pre-pandemic levels. For FY2024 and subsequent years, rental car concession revenue is projected based on an assumed return to FY2019 rental car pricing, using the historical average ratio of transaction days to originating enplanements, applied to forecast air traffic activity. Rental car concession revenue, including the RCC cost recovery component, is projected to increase to $47.4 million in FY2029.

Food and Beverage/Gifts and News Revenues

In March 2015, the Airport Authority completed its Concessions Development Program (CDP), which involved a complete revamp of the shopping and dining options in the passenger terminals.

The CDP significantly increased the number of shops and restaurants, and it involved the introduction of local San Diego offerings. The CDP was designed to increase competition among concessionaires, to promote a variety of brands and concepts, and to increase the Airport Authority's control over the concessions program – thereby enhancing the customer experience and maximizing concession sales and the resulting revenue to the Airport Authority. The concession leases started on the date the applicable concession space was available for beneficial use by the vendor, with lease terms of 10 years for food and beverage concessions and seven years for gift and news concessions. The leases are currently month-to-month, and they are expected to remain as such until the opening of the New T1. The leases provide for rental payments equal to the greater of a minimum annual guarantee (MAG) or a percentage of gross income. The leases also provide for the cost recovery of terminal concessions program costs. including: the capital and operating costs of the Receiving and Distribution Center (RDC) located on the north side of the airfield; and marketing, storage, and other O&M Expenses related to the terminal concessions, as discussed in the Cost Recovery revenue category, below.

In June 2023, the Airport Authority completed its solicitation of new concessions for the New T1. The new concessions will occupy approximately 32,000 square feet of food & beverage and 14,000 square feet of retail space. This represents more than a 250% increase in square footage as compared to the current Terminal 1. Due to the significant investment required by the vendors, the duration of the lease agreements with the new concessionaires will increase to 15 years for food & beverage and twelve years for retail. The selected concessionaires are expected to design and permit the Phase 1 concession units in Fiscal Year 2024 with construction expected to occur in Fiscal Year 2025. Similar to the expiring lease agreements, the new leases will provide for rental payments equal to the MAG or a percentage of gross income. The MAG will be set at 80% of the previous year's total rent paid after the first full year of operation. The percentage rent offers for these new concession agreements as compared to the previous generation are slightly lower Food and Beverage but slightly higher for News and Gifts. The Airport Authority expects to undertake the solicitation process for Terminal 2 concession in calendar year 2024.

Food and Beverage and Gift and News concession revenue fluctuated from FY2019 through FY2021 due to fluctuations in passenger activity during that period. Food and Beverage and Gift and News concession revenues are increased to total approximately $14.4 million and $8.6 million, respectively in FY2023.

The projections of concession revenues for Food and Beverage and Gift and News are based on recent ratios of revenue per enplanement for each category, with assumed increases to account for inflation and the phased opening of the New T1, and applied to forecast enplanements. Concession revenue is projected to increase to $19.1 million in FY2029 for Food and Beverage, and $11.3 million for Gift and News.

License Fees

The Airport Authority receives license fees from companies that provide ground handling and in-flight food services. These license fees, which are based on a percentage of the providers' gross revenues, increased from $5.8 million in FY2018 to $6.8 million in FY2019. License Fees decreased to $6.2 million and $3.4 million in FY2020 and FY2021, respectively, due to decreased activity, net of license fee waivers of $0.6 million for in-flight food services in FY2021. As activity increased, License Fees increased to $6.3 million in FY2022 and $8.3 million in FY2023. Based on anticipated increases in future passenger activity, License Fees are projected to increase to approximately $9.9 million in FY2029.

Other Terminal Concessions

This category includes rents and fees received for advertising displays, luggage carts, ATMs, wifi service providers, security bin advertisements, and other miscellaneous sources. This revenue category increased from $3.3 million in FY2018 to $3.8 million in FY2020, before decreasing to $1.6 million in FY2021 because of the reduction in passenger activity. These revenues increased to $5.2 million in FY2022 as passenger activity continued to recover. Other Terminal Concession revenues decreased to $4.1 million in FY2023. These revenues are projected to increase at the rate of enplanement growth and inflation to $5.8 million in FY2029.

Cost Recovery

The Airport Authority receives cost recovery fees as reimbursement for terminal concessions program costs. including: the capital and operating costs of the Receiving and Distribution Center (RDC) located on the north side of the airfield; and marketing, storage, and other O&M Expenses related to the terminal concessions. This revenue category increased from $4.7 million in FY2018 to $4.9 million in FY2019 before decreasing to $4.1 million in FY2020 and $1.7 million in FY2021. The decreases were driven by the reduction in traffic. In FY2022 and FY2023, these revenues increased to $4.5 million and $4.7 million, respectively, as activity began to return. These revenues are projected to increase to $5.5 million in FY2029.

5.5.14 | Parking and Ground Transportation Revenues

The Airport Authority receives revenues from the public parking lots at the Airport, ground transportation permit and trip fees from TNCs and other ground transportation users, and parking citation revenues. Parking and Ground Transportation revenues increased from approximately $53.3 million in FY2018 to $62.8 million in FY2019, reflecting the increase in passenger traffic during those years. As a result of the significant passenger decrease, Parking and Ground Transportation revenues decreased to $50.8 million in FY2020 and $27.4 million in FY2021. As passenger activity began to recover, Parking and Ground Transportation revenues increased to $57.1 million in FY2022 and $65.4 million in FY2023.

Parking revenue and TNC trip fees together constituted over 96 percent of total Parking and Ground Transportation revenue in FY2023. The following paragraphs discuss the trends in these two revenue sources:

Parking revenue, which accounted for 70.8 percent of total FY2023 Parking and Ground Transportation revenue, increased from $43.5 million in FY2018 to $46.6 million in FY2019, and then decreased to $36.4 million in FY2020 and $22.2 million in FY2021. Parking revenues increased to $44.2 million in FY2022 and $46.3 million in FY2023. The ratio of parking transactions per originating enplanement remained relatively consistent from FY2018 to FY2022, ranging between 0.10 and 0.11. In FY2023, the ratio declined to 0.08, most likely because of the reduced number of parking facilities and the construction at SAN.. Parking revenue per originating enplanement increased from $3.95 in FY2018 to $4.01 in FY2019. Parking revenue per originating enplanement continued to increase to $4.20 in FY 2020 and $4.87 in FY2021 before decreasing to $4.72 in FY2022 and $4.15 in FY2023. As mentioned above, the decrease is a result in the reduced amount of parking at SAN during the construction period. Parking revenue is budgeted to increase to $52.2 million in the FY2024 budget, reflecting the anticipated increase in passenger activity. Beginning in March 2023, the Airport Authority introduced dynamic parking prices based on demand. However, there is not yet sufficient historical data to determine the revenue impact of this pricing change. Parking revenue through the remainder of the forecast period is projected to increase based on estimated increases in parking transactions per originating enplanement, plus an assumed additional increase in parking transactions in FY2025, with the planned opening of the first phase of the parking structure associated with the New T1. Parking revenue is projected to increase to $77.0 million in FY2029.

TNC trip fees, which accounted for 25.4 percent of total FY2023 Parking and Ground Transportation revenue. At the beginning of FY2019, the Airport Authority set a $3.00 TNC pick-up fee and a $3.00 drop-off fee, and in FY2020, the pick-up and drop-off fees were each increased to $3.50. TNC transactions per originating enplanement increased from 0.16 in FY2018 to 0.39 in FY2019, and revenue per originating enplanement increased from $0.61 in FY2018 to $1.16 in FY2019. In FY2022, the ratios of transactions and revenue per originating enplanement were 0.33 and $1.15, respectively. In FY2023, TNC revenue per originating enplanement increased to $1.49 and TNC transactions per originating enplanement increased to 0.39. These increases were driven by changing passenger preferences that most likely were the response to increased rental car prices and reduced parking at SAN. TNC revenues increased from $4.4 million in FY2021 to $10.8 million in FY2022 as a result of increasing air traffic activity. TNC revenues increased to $16.6 million in FY2023, with an increase in the pick-up and drop-off fees to $3.75. TNC revenues through the remainder of the forecast period are projected based on current ratios of transactions and revenue per originating enplanement with estimated increases in the ratios with assumed future modest increases in TNC per-trip fees assumed for the revenue projections. TNC revenues are projected to increase to $21.9 million in FY2029.

Based on the assumptions described above, total Parking and Ground Transportation revenues, including Parking revenue, TNC trip fees, and other Ground Transportation revenues are projected to increase to $100.3 million in FY2029.

5.5.15 | Ground Rental Revenues

The Airport Authority receives rentals for land parcels containing various facilities, including the RCC, FBO facilities, and facilities used by the passenger and all-cargo airlines. Ground and Non-Terminal Rentals increased from $20.1 million in FY2018 to $20.6 million in FY2019 before decreasing to between $18.9 million and $19.3 million in FY2020 and FY2021, due to waivers provided by the Airport Authority in those years. These revenues increased in FY2022 to $23.3 million and $25.1 million in FY2023 because of the Airport Authority began to recover capital costs expended for the fuel consortium and O&M expenses incurred for the Airline Support Building (ASB). This revenue category is projected to increase to $24.1 million in FY2029.

5.5.16 | Other Operating Revenues

This revenue category includes curfew violation revenue, reimbursement of utility expenses, service charges, equipment rentals, non-airline remote aircraft parking fees, fingerprint revenue, and other miscellaneous revenues. These revenues increased from $1.4 million in FY2018 to $2.0 million in FY2019 before decreasing to $1.5 million in FY2020 and $1.3 million in FY2021. These revenues increased to $2.7 million in FY2022 and $3.4 million in FY2023 Other Operating Revenues are projected to be $2.2 million in FY2029.

5.5.17 | Interest Income

The Airport Authority receives interest income on Airport Authority discretionary cash, promissory notes from the Port District, and the various bond funds and accounts established pursuant to the Master Senior Indenture. Interest Income increased from $11.4 million in FY2018 to $17.8 million in FY2020, due to increased yields and higher cash balances maintained by the Airport Authority. Interest income decreased to $12.0 million in FY2021. Interest income increased to $13.7 million due to higher cash balances in FY2022. Interest Income increased to $36.3 million in FY2023because of the deposit of bond proceeds into the Construction Fund. Interest income is projected to increase to a high of $69.5 million in FY2025 due to higher cash balances and higher rates, and then decrease each year thereafter to $55.8 million in FY2029, as monies in the Construction Fund are expended to construct the New T1.

5.6 | Key Financial Indicators

This sub-section discusses the projections of the following key financial indicators: (1) the application of Revenues pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture, (2) the Airport Authority's ability to satisfy the Additional Bonds Test, as evidenced by its ability to meet the Senior Rate Covenant and the Subordinate Rate Covenant; and (3) the airline cost per enplaned passenger (CPE).

5.6.1 | Application of Revenues

The projected application of Revenues pursuant to the provisions of the Master Senior Indenture is shown on Table 39. Revenues are applied in the order shown on Figure 72.

5.6.2 | Rate Covenants

The calculations of the Senior Rate Covenant in the Master Senior Indenture and the Subordinate Rate Covenant in the Master Subordinate Indenture, presented in Table 40, reflect the projected debt service of the Senior Bonds and the Subordinate Obligations after the issuance of the Senior Series 2023 Bonds. As disclosed earlier in this Section, the estimated debt service schedules used in this analysis do not assume the purchase of any tendered bonds.

Under the Master Senior Indenture, the Airport Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues that will satisfy all the Airport Authority's obligations under the Master Senior Indenture, and that will at least equal 125 percent of aggregate annual debt service on the outstanding Senior Bonds (the Senior Rate Covenant). Under the Master Subordinate Indenture, the Airport Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Subordinate Net

Revenues that will satisfy all the Airport Authority's obligations under the Master Subordinate Indenture, and that will at least equal 110 percent of aggregate annual debt service on the outstanding Subordinate Obligations (the Subordinate Rate Covenant).

Net Revenues are defined in the Master Senior Indenture as Revenues minus O&M Expenses. Subordinate Net Revenues are defined in the Master Subordinate Indenture as Net Revenues minus deposits to the Debt Service Funds for the payment of debt service on the Senior Bonds and any reserve fund deposits required pursuant to the Master Senior Indenture.

Table 39 | Application of Revenues

	Fiscal Years Ending June 30							
	Audited	Unaudited	Projected					
	2022	2023	2024	2025	2026	2027	2028	2029
Airport Revenues	$324,096,640	$411,242,086	$447,601,898	$507,350,297	$543,256,520	$565,666,302	$629,303,119	$672,030,894
Application of Airport Revenues								
Operation & Maintenance Subccount	$156,925,116	$178,250,332	$192,925,830	$204,652,073	$220,477,378	$228,192,747	$240,185,214	$268,006,789
Senior Debt Service net of PFCs	10,831,161	-	9,333	519,327	4,816,686	2,816,807	68,811,620	94,852,905
Debt Service Reserve Funds	-	-	-	-	-	-	-	-
Subordinate Debt Service, net of PFCs	52,911,183	99,437,373	103,201,816	97,313,236	119,258,962	139,273,841	139,276,599	139,271,666
Subordinate Debt Service Reserve Funds	-	-	-	-	-	-	-	-
O&M Reserve Subaccount	4,416,698	5,331,304	3,668,874	2,931,561	3,956,326	1,928,842	2,998,117	6,955,394
Renewal and Replacement Subaccount	-	-	-	-	-	-	-	-
Airport Revenue Fund	99,012,483	128,223,078	147,796,045	201,934,100	194,747,168	193,454,065	178,031,569	162,944,140
Total Airport Revenues Applied	$324,096,640	$411,242,086	$447,601,898	$507,350,297	$543,256,520	$565,666,302	$629,303,119	$672,030,894

Source: Airport Authority records and Unison Consulting, Inc.

Table 40 | Projected Debt Service Coverage

	Fiscal Years Ending June 30							
	Audited	Unaudited	Projected					
	2022	2023	2024	2025	2026	2027	2028	2029
Senior Bonds:								
Revenues	$324,096,640	$411,242,086	$447,601,898	$507,350,297	$543,256,520	$565,666,302	$629,303,119	$672,030,894
Minus O&M Expenses	(156,925,116)	(178,250,332)	(192,925,830)	(204,652,073)	(220,477,378)	(228,192,747)	(240,185,214)	(268,006,789)
Add: Federal Relief Funds	60,790,418	-	-	-	-	-	-	-
Net O&M Expenses	(96,134,698)	(178,250,332)	(192,925,830)	(204,652,073)	(220,477,378)	(228,192,747)	(240,185,214)	(268,006,789)
Net Revenues	$227,961,942	$232,991,754	$254,676,069	$302,698,223	$322,779,142	$337,473,555	$389,117,905	$404,024,105
Senior Bonds Debt Service	$10,831,161	$0	$9,333	$519,327	$57,139,929	$57,139,929	$123,134,499	$149,173,600
Minus PFCs	(4,691,941)	-	-	-	(52,323,243)	(54,323,122)	(54,322,879)	(54,320,695)
Minus Federal Relief Funds	(1,539,289)	-	-	-	-	-	-	-
Senior Bonds Debt Service, Net	$4,599,931	$0	$9,333	$519,327	$4,816,686	$2,816,807	$68,811,620	$94,852,905
Senior Bonds Debt Service Coverage [1]	**49.56**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**5.65**	**4.26**
Subordinate Bonds:								
Senior Lien Net Revenues	$227,961,942	$232,991,754	$254,676,069	$302,698,223	$322,779,142	$337,473,555	$389,117,905	$404,024,105
Minus Senior Bonds Debt Service, Net	($4,599,931)	$0	($9,333)	($519,327)	($4,816,686)	($2,816,807)	($68,811,620)	($94,852,905)
Subordinate Lien Net Revenues	$223,362,011	$232,991,754	$254,666,736	$302,178,897	$317,962,457	$334,656,748	$320,306,285	$309,171,199
Subordinate Debt Service	82,916,516	99,437,373	103,201,816	97,313,236	157,935,719	157,950,719	157,953,720	157,950,971
Minus PFCs	(25,313,393)	-	-	-	(38,676,757)	(18,676,878)	(18,677,121)	(18,679,305)
Minus Federal Relief Funds	(16,460,711)	-	-	-	-	-	-	-
Subordinate Debt Service, Net	41,142,413	99,437,373	103,201,816	97,313,236	119,258,962	139,273,841	139,276,599	139,271,666
Subordinate Debt Service Coverage	**5.43**	**2.34**	**2.47**	**3.11**	**2.67**	**2.40**	**2.30**	**2.22**
Total Debt Service, Net	$45,742,344	$99,437,373	$103,211,149	$97,832,563	$124,075,648	$142,090,648	$208,088,220	$234,124,571
Total Debt Service Coverage	**4.98**	**2.34**	**2.47**	**3.09**	**2.60**	**2.38**	**1.87**	**1.73**
Net Revenues plus PFCs and Federal Rel	$275,967,275	$232,991,754	$254,676,069	$302,698,223	$413,779,142	$410,473,555	$462,117,905	$477,024,105
Total Debt Service	93,747,677	99,437,373	103,211,149	97,832,563	215,075,648	215,090,648	281,088,220	307,124,571
Coverage - Revenue Method	**2.94**	**2.34**	**2.47**	**3.09**	**1.92**	**1.91**	**1.64**	**1.55**

Source: Airport Authority records and Unison Consulting, Inc.

[1] The calculation of Senior Bonds debt service coverage is not applicable (N/A) in FY2023-FY2027 because of the capitalized interest on the Senior Series 2023 Bonds, and the application of PFCs (FY2026-FY2027).

The Airport Authority is not planning to allocate any PFCs to debt service during FY2023 through FY2025, in order to preserve its PFC capacity until later years, after the capitalized interest period ends on the Senior Series 2023 Bonds, Subordinate Series 2021AB Bonds and the future New T1-related bond issues. Currently, the Airport Authority plans to allocate a total of $310 million in PFCs to debt service (Senior and Subordinate) in FY2026 through FY2029. The amount of PFCs applied to pay debt service on the Senior Bonds or the Subordinate Obligations reduces the debt service for purposes of the Rate Covenant calculations.

In FY2022, the Airport Authority applied $18.0 million in Federal relief funds to debt service (Senior and Subordinate), which reduced the FY2022 debt service for purposes of the Rate Covenant calculations. The Airport Authority does not plan to apply any other Federal Relief funds to debt service for the remainder of the projection period.

The calculation of Senior Bonds debt service coverage is not applicable in FY2024-FY2027 because of the capitalized interest on the Senior Series 2023 Bonds, and the application of PFCs. Debt service coverage calculated according to the Senior Rate Covenant is projected to equal 5.65 and 4.26 times debt service in FY2028 and FY2029, respectively. Debt service coverage calculated according to the Subordinate Rate Covenant is projected to equal at least 1.99 times throughout the forecast period. Therefore, the Airport Authority is projected to satisfy the coverage requirements for both the Master Senior Indenture and the Master Subordinate Indenture.

Total debt service coverage (reflecting Senior Bonds and Subordinate Obligations) is projected to remain at or above 1.73 times throughout the forecast period.

The Revenue Method Debt Service coverage is calculated by dividing the Net Revenues plus PFCs and Federal Relief funds applied to debt by the Total Debt Service (Total Debt Service, reflecting Senior Bonds and Subordinate Obligations). According to the Revenue Method, the debt service coverage is projected to remain at or above 1.55 times throughout the forecast period.

5.6.3 | PFC Cash Flow

The projected PFC cash flow is presented on Table 41. The projections assume the PFC collection level will remain at the current rate of $4.50. PFC collections, net of the airline collection fee, are projected to increase from $49.5 million in FY2024 to $57.4 million in FY2029.

As discussed above, the Airport Authority is not planning to allocate any PFCs to debt service during FY2023 through FY2025, in order to preserve its PFC revenues until later years, after the capitalized interest period ends on the Senior Series 2023 Bonds, Subordinate Series 2021AB Bonds and the future New T1-related bond issues. Currently, the Airport Authority plans to allocate $91.0 million to debt service in FY2026 and $73.0 million per year to debt service from FY2027 through FY2029.

The Airport Authority plans to apply an annual amount to fund a portion of the Quieter Home Program, in the amount of $2.9 million in FY2024 and FY2025, $3.1 million in FY2026, and $2.9 million from FY2027 through FY2029.

The balance in the PFC Fund is projected to increase from $106.3 million at the beginning of FY2024 to a high of $207.4 million at the end of FY2025. The PFC Fund balance is projected to decrease to $118.0 million at the end of FY2029 as PFCs are applied to debt service, as described above.

Table 41 | Projected PFC Cash Flow

	Fiscal Years Ending June 30					
	2024	2025	2026	2027	2028	2029
PFC Collections						
Projected Enplanements	12,497,659	12,904,435	13,311,210	13,682,137	14,088,410	14,475,866
% Eligible	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%
PFC Eligible Enplanements	11,280,000	11,647,100	12,014,300	12,349,100	12,715,800	13,065,500
Gross PFC Collections						
$4.50 Per Eligible EP	$50,760,000	$52,412,000	$54,064,400	$55,571,000	$57,221,100	$58,794,800
Less: Airline Collection Fee						
$0.11 Per Eligible EP	(1,240,800)	(1,281,200)	(1,321,600)	(1,358,400)	(1,398,700)	(1,437,200)
Net PFC Collections	$49,519,200	$51,130,800	$52,742,800	$54,212,600	$55,822,400	$57,357,600
PFC Fund						
Beginning Balance	$106,295,658	$155,533,146	$207,393,209	$169,782,438	$151,280,333	$134,030,509
Net PFC Collections	49,519,200	51,130,800	52,742,800	54,212,600	55,822,400	57,357,600
Amounts Applied to:						
Debt Service	-	-	(91,000,000)	(73,000,000)	(73,000,000)	(73,000,000)
PFC Pay-Go	-	-	-	-	-	-
Quieter Home Program	(2,900,000)	(2,900,000)	(3,125,328)	(2,925,333)	(2,925,333)	(2,925,333)
Interest Income	2,618,288	3,629,264	3,771,756	3,210,628	2,853,108	2,520,134
Ending Balance	$155,533,146	$207,393,209	$169,782,438	$151,280,333	$134,030,509	$117,982,910

Source: Airport Authority records and Unison Consulting, Inc.

5.6.4 | Airline Cost per Enplanement

An important component of the financial feasibility report is an assessment of how the planned capital improvements and the related financings will affect airline rates and charges, as measured through the CPE. The projected CPE through FY2029 is presented on Table 42. The Unaudited FY2023 CPE was $15.99. The CPE is projected to increase due to higher airline rates and charges that occur because of the additional O&M expenses and debt service costs, as described above. The CPE is projected to increase to $25.96 in FY2029.

Several large hub airports reported a CPE in 2019 at or above $20, including Miami, JFK, Newark, LaGuardia, and Chicago O'Hare. A few other large hub airports that reported a CPE in the $15 to $20 range will likely experience an increase in CPE as they implement future capital improvements. As of 2022, JFK, Newark, LaGuardia, Chicago O'Hare, LAX, and San Francisco all report a CPE over $20 and the average large hub CPE is $14.98.[52] Therefore, SAN's projected CPE reflecting the completion of the New T1 appears to be reasonable in light of industry trends.

Table 42 | Projected Airline Cost per Enplanement

	Fiscal Years Ending June 30						
	Unaudited	Projected					
	2023	2024	2025	2026	2027	2028	2029
Landing Fees	$42,634,158	$52,186,868	$57,774,813	$64,995,739	$67,308,769	$71,329,867	$73,983,571
Aircraft Parking Fees	$9,516,261	$12,524,151	$13,816,234	$15,207,794	$15,723,234	$16,519,808	$17,038,335
Terminal Rents	139,739,835	156,575,651	158,236,464	178,554,798	197,067,125	249,038,780	284,753,699
Incentive Fees	(2,078,912)	(2,620,523)	(1,720,290)	-	-	-	-
Total Airline Revenue	**$189,811,342**	**$218,666,147**	**$228,107,222**	**$258,758,331**	**$280,099,128**	**$336,888,455**	**$375,775,605**
Enplanements	11,867,569	12,497,659	12,904,435	13,311,210	13,682,137	14,088,410	14,475,866
Cost Per Enplanement	**$15.99**	**$17.50**	**$17.68**	**$19.44**	**$20.47**	**$23.91**	**$25.96**

Source: Unison Consulting, Inc.

5.6.5 | Sensitivity Analysis

A sensitivity analysis was prepared using the low enplanement forecast scenario presented in Section 3. The projections of the key financial variables under the sensitivity analysis, and for comparative purposes, the base enplanement forecast scenario, are summarized on Table 43. Under the low enplanement forecast scenario, the senior debt service coverage and subordinate debt service coverage will be at least 4.22 times and 2.19 times debt service, respectively, throughout the forecast period. The landing fee rate is projected to rise to a high of $4.87 (in FY2029), and the airline cost per enplanement is projected to increase to a high of $27.06 (in FY2029). The projected airline costs under the low enplanement forecast scenario would still be reasonable considering that the projections reflect the estimated costs of the Capital Program. Under the low forecast scenario, the PFC Fund balance is projected to equal $101.5 million in FY2029.

[52] According to the FAA's CATS Report 127. The report states that data from 29 large hub commercial service airports was included.

Table 43 | Key Financial Projections for Sensitivity Analysis

	For Fiscal Years Ended June 30					
	2024	2025	2026	2027	2028	2029
Base Forecast						
Net Revenues	$254,676,069	$302,698,223	$322,779,142	$337,473,555	$389,117,905	$404,024,105
Debt Service Coverage						
Senior	27,288.40	582.87	67.01	119.81	5.65	4.26
Subordinate	2.47	3.11	2.67	2.40	2.30	2.22
Total	2.47	3.09	2.60	2.38	1.87	1.73
Landing Fee Rate	$3.78	$4.08	$4.45	$4.48	$4.62	$4.67
Airline Cost per Enplanement	$17.50	$17.68	$19.44	$20.47	$23.91	$25.96
PFC Fund Balance	$155,533,146	$207,393,209	$169,782,438	$151,280,333	$134,030,509	$117,982,910
Low Forecast						
Net Revenues	$249,865,575	$298,141,737	$318,448,868	$333,428,118	$385,188,340	$400,069,306
Debt Service Coverage						
Senior	26,772.96	574.09	66.11	118.37	5.60	4.22
Subordinate	2.42	3.06	2.63	2.37	2.27	2.19
Total	2.42	3.05	2.57	2.35	1.85	1.71
Landing Fee Rate	$4.04	$4.32	$4.69	$4.70	$4.82	$4.87
Airline Cost per Enplanement	$18.64	$18.71	$20.46	$21.44	$24.96	$27.06
PFC Fund Balance	$152,521,832	$201,504,394	$161,145,971	$140,033,533	$120,209,834	$101,541,212

Source: Unison Consulting, Inc.

5.7 | Summary

The following points highlight the significant findings of the financial analysis contained in this section:

- Debt service coverage calculated according to the Senior Rate Covenant is projected to equal 5.65 and 4.26 times debt service in FY2028 and FY2029, respectively.
- Debt service coverage calculated according to the Subordinate Rate Covenant equaled 2.34 times debt service in FY2023 and is projected to equal at least 2.22 times debt service during the remainder of the forecast period.
- The airline CPE is projected to remain reasonable, remaining under $26.00 during the forecast period.
- PFC revenues are projected to increase from $49.5 million in FY2024 to $57.4 million in FY2029. The PFC fund balance is projected to increase from $106.3 million at the beginning of FY2024 to a high of $207.4 million in FY2025. Beginning in FY2026, the Airport Authority plans to apply PFCs to offset a portion of the annual debt service.

Under the low enplanement forecast scenario, senior debt service coverage and subordinate debt service coverage are projected to remain well above the minimum requirements throughout the forecast period, the airline cost per enplanement is projected to reach a high of $27.06, and the PFC fund balance is projected to equal $101.5 million in FY2029.

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SCHEDULE E

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "***Certificate***") is executed and delivered by the San Diego County Regional Airport Authority (the "***Airport Authority***") in connection with the issuance of its (a) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the "***Senior Series 2023A Bonds***"), and (b) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the "***Senior Series 2023B Bonds***," and together with the Senior Series 2023A Bonds, the "***Senior Series 2023 Bonds***"). The Senior Series 2023 Bonds are being issued pursuant to the Master Trust Indenture, dated as of November 1, 2005, as amended (the "***Master Senior Indenture***"), by and between the Airport Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as trustee (the "***Senior Trustee***"), and the Fifth Supplemental Trust Indenture, dated as of October 1, 2023 (the "***Fifth Supplemental Senior Indenture***," and collectively with the Master Senior Indenture and all supplements thereto, the "***Senior Indenture***"), by and between the Airport Authority and the Senior Trustee. Additionally, the Senior Series 2023 Bonds have been authorized by Resolution No. 2023-[•] adopted by the board of directors of the Airport Authority on [September 7], 2023 (the "***Resolution***"). The Senior Series 2023 Bonds are being issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the "***Act***"), and in accordance with Revenue Bond Law of 1941 Chapter 6 (commencing with §54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with §54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and the limitations set forth in California Government Code §54402(b), which shall not apply to the issuance and sale of bonds pursuant to the Act.

In consideration of the purchase of the Senior Series 2023 Bonds by the Participating Underwriter (as defined below), the Airport Authority covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Airport Authority for the benefit of the Holders and Beneficial Owners of the Senior Series 2023 Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Senior Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the Airport Authority pursuant to, and as described in, Sections 3 and 4 hereof.

"*Beneficial Owner*" means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Senior Series 2023 Bonds (including persons holding Senior Series 2023 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Senior Series 2023 Bonds for federal income tax purposes.

"*Dissemination Agent*" means the Airport Authority, or any successor Dissemination Agent designated in writing by the Airport Authority and which has filed with the Airport Authority a written acceptance of such designation.

"*EMMA System*" means the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"*Financial Obligation*" shall mean, for purposes of the Listed Events set forth in Sections 5(a)(10) and (5)(b)(8) hereof, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"*Holders*" means either the registered owners of the Senior Series 2023 Bonds, or if the Senior Series 2023 Bonds are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

"*Listed Events*" means any of the events listed in Sections 5(a) and 5(b) hereof.

"*MSRB*" means the Municipal Securities Rulemaking Board, or any successor thereto.

"*Obligated Person*" means the Airport Authority and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Revenues of the Airport System for the prior two Fiscal Years of the Airport Authority. At the time of issuance of the Senior Series 2023 Bonds, the Airport Authority is the only Obligated Person.

"*Official Statement*" means the Official Statement, dated _____________, 2023, prepared and distributed in connection with the initial sale of the Senior Series 2023 Bonds.

"*Participating Underwriter*" means any of the original underwriters of the Senior Series 2023 Bonds required to comply with the Rule in connection with the offering of the Senior Series 2023 Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State*" means the State of California.

Section 3. Provision of Annual Reports.

(a) The Airport Authority shall provide, or shall cause the Dissemination Agent to provide, to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 4 hereof by not later than 181 days after the end of the Airport Authority's fiscal year in each fiscal year. The Airport Authority's first Annual Report shall be due December 28, 2023. Not later than 15 Business Days prior to said date, the Airport Authority shall provide the Annual Report to the Dissemination Agent (if other than the Airport Authority). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 hereof. The audited financial statements of the Airport Authority may be submitted separately from the balance of the Annual Report if they are not available by the date of submission, provided such financial statements are submitted within 210 days after the end of the Airport Authority's fiscal year. If the Airport Authority's fiscal year changes, the Airport Authority, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent (if other than the Airport Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Airport Authority to determine if the Airport Authority is in compliance with subsection (a).

(c) If the Airport Authority is unable to provide to the MSRB or the Dissemination Agent (if other than the Airport Authority), an Annual Report by the date required in subsection (a), the Airport Authority shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent (if other than the Airport Authority) shall confirm in writing to the Airport Authority that the Annual Report has been filed as required hereunder, stating the date filed.

Section 4. Content of Annual Reports.

(a) The Airport Authority's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Senior Series 2023 Bonds, unless otherwise noted):

(i) Audited financial statements of the Airport Authority, updated to incorporate information for the most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Airport Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Airport Authority, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(ii) Outstanding principal amounts of the Senior Bonds (including the Senior Series 2023 Bonds) and the Subordinate Obligations (including the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020 Bonds, the Senior Series 2021 Bonds and the Subordinate Revolving Obligations);

(iii) Table 6 — San Diego County Regional Airport Authority, Future Rental Commitments;

(iv) Table 7 — San Diego International Airport, Air Carriers Serving San Diego International Airport;

(v) Table 8 — San Diego International Airport, Total Enplanements and Deplanements;

(vi) Table 9 — San Diego International Airport, Revenue Operations;

(vii) Table 10 — San Diego International Airport, Historical Enplaned and Deplaned Freight and U.S. Mail Cargo;

(viii) Table 11 — San Diego International Airport, Enplanements by Air Carriers;

(ix) Table 12 — San Diego International Airport, Total Revenue Landed Weight;

(x) Table 15 — San Diego County Regional Airport Authority, Investments;

(xi) Table 16 — San Diego County Regional Airport Authority, Statements of Revenues, Expenses and Change in Net Position;

(xii) Table 17 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Providers;

(xiii) Table 18 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Sources;

(xiv) Table 19 — San Diego County Regional Airport Authority, Historical Senior and Subordinate Debt Service Coverage;

(xv) Table 20 — San Diego International Airport, Airline Derived Revenue Per Passenger;

(xvi) Table 22 — San Diego County Regional Airport Authority, Approved PFC Applications; and

(xvii) Table 23 — San Diego County Regional Airport Authority, Annual Receipt of PFCs.

(b) All or any portion of the information of the Annual Report may be incorporated in the Annual Report by cross reference to any other documents which have been filed with the MSRB.

(c) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information (as contemplated by Section 8 hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Airport Authority or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Airport Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The Airport Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Senior Series 2023 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions with respect to the tax status of the Senior Series 2023 Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Senior Series 2023A Bonds and/or the Senior Series 2023B Bonds;

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the Obligated Person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Department, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(b) The Airport Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Senior Series 2023 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Senior Series 2023 Bonds or other material events affecting the tax status of the Senior Series 2023 Bonds;

2. Modifications to rights of the Beneficial Owners or Holders of the Senior Series 2023 Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Senior Series 2023 Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

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

(c) The Airport Authority shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Airport Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Airport Authority shall determine if such event would be material under applicable federal securities laws.

(e) If the Airport Authority learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Airport Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in (b)(3) need not be given under this subsection any earlier than the notice of such event is given to Beneficial Owners and Holders of the affected Senior Series 2023 Bonds pursuant to the Senior Indenture.

(f) The Airport Authority intends to comply with the Listed Events described in Sections 5(a)(10) and 5(b)(8) hereof, and the definition of "Financial Obligation" in Section 2 hereof, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the SEC in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the SEC or its staff with respect the amendments to the Rule effected by the 2018 Release.

Section 6. Termination of Reporting Obligation. The Airport Authority's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Senior Series 2023 Bonds, or upon delivery to the Dissemination Agent (if other than the Airport Authority) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Senior Series 2023 Bonds, the Airport Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. From time to time, the Airport Authority may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Airport Authority) shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out of pocket expenses (including, but not limited to, attorneys' fees). The Dissemination Agent (if other than the Airport Authority) shall not be responsible in any manner for the content of any notice or report prepared by the Airport Authority pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the Airport Authority may amend this Certificate, and any provision of this Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an Obligated Person with respect to the Senior Series 2023 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Senior Series 2023 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Senior Series 2023 Bonds in the same manner as provided in the Senior Indenture for amendments to the Senior Indenture with the consent of Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners of the Senior Series 2023 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Airport Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Airport Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Airport Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Airport Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Airport Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Airport Authority to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Senior Series 2023 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Airport Authority or the Dissemination Agent (if other than the Airport Authority), as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Senior Indenture and the sole remedy under this Certificate in the event of any failure of the Airport

Authority or the Dissemination Agent (if other than the Airport Authority) to comply with this Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Airport Authority) shall have only such duties as are expressly and specifically set forth in this Certificate, and the Airport Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any claims, losses, expenses and liabilities which such Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties given to the Dissemination Agent hereunder, including the costs and expenses (including attorneys' fees) of defending, in any manner or forum, against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, subject to the Senior Indenture. The obligations of the Airport Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Senior Series 2023 Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Airport Authority, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Senior Series 2023 Bonds, and shall create no rights in any other person or entity.

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

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Certificate this [•] day of October, 2023.

SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY

By ____________________________________
Scott M. Brickner
Vice President, Chief Financial Officer

Approved as to form:

By ____________________________________
Amy Gonzalez
General Counsel

[Signature page to Continuing Disclosure Certificate]

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	San Diego County Regional Airport Authority
Name of Bond Issue:	Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT)
	Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT)
Date of Issuance:	October[•], 2023
CUSIP:	79739G___

NOTICE IS HEREBY GIVEN that the San Diego County Regional Airport Authority (the "Airport Authority") has not provided an Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated [•], 2023, executed by the Airport Authority for the benefit of the holders and beneficial owners of the above referenced bonds. The Airport Authority anticipates that the Annual Report will be filed by _________, 20__.

Dated:__________________________

SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY

By ______________________________________
Authorized Representative

SCHEDULE F

THIS INVITATION WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME ON [SEPTEMBER] [•], 2023 UNLESS EARLIER TERMINATED OR EXTENDED

INVITATION TO TENDER BONDS MADE BY THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

to the Holders described herein of all or any portion of the maturities listed on page (i) herein of

San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds Series 2021C (Federally Taxable)

This Invitation to Tender Bonds, dated September [•] 2023 (as it may be amended or supplemented, this "**Invitation**") describes an invitation by the San Diego County Regional Airport Authority (the "**Airport Authority**"), with the assistance of Jefferies LLC, as dealer manager (the "**Dealer Manager**"), to the beneficial owners (the "**Bondowners**") of the Airport Authority's outstanding Subordinate Airport Revenue Refunding Bonds, Series 2021C (Federally Taxable) (the "**Series 2021C Target Bonds**") maturing on the dates set forth in the table on page (i) of this Invitation to offer to sell to the Airport Authority such Series 2021C Target Bonds for cash at an offer price for each CUSIP of the Series 2021C Target Bonds to be determined based on [the applicable fixed spread (each, a "**Fixed Spread**") to be added to the yield on the relevant benchmark United States Treasury Security (the "**Benchmark U.S. Treasury Security**") plus accrued interest on such Series 2021C Target Bonds] tendered for purchase to, but not including, the Settlement Date (as hereinafter defined). On or about [•], 2023, the Airport Authority will publish the Pricing Notice in the form attached hereto as Appendix B, which will either confirm or amend the "Indicative Fixed Spread" as listed in page (i) of this Invitation for each CUSIP of the respective Series 2021C Target Bonds.

The purchase of any Series 2021C Target Bonds pursuant to this Invitation is contingent on the issuance of the Airport Authority's (a) Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the "**Series 2023A Bonds**"),]and (b) Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the "**Series 2023B Bonds**,"] and together with the Series 2023A Bonds, the "**Series 2023 Bonds**") and described in the Preliminary Official Statement of the Airport Authority dated September [•], 2023 and attached hereto as Appendix A (the "**Series 2023 Bonds POS**") and is also subject to the terms of this Invitation and certain other conditions as described herein. Capitalized terms used and not defined in the body of this Invitation shall have the meanings ascribed to such terms in the Series 2023 Bonds POS.

The Airport Authority intends to purchase up to $[•] in principal amount of the Series 2021C Target Bonds pursuant to this Invitation, though depending upon the results of this Invitation and other factors the Airport Authority in its sole discretion may purchase a lesser principal amount of the Series 2021C Target Bonds. The Airport Authority shall be under no obligation to accept any Series 2021C Target Bonds tendered for purchase pursuant to this Invitation. The Airport Authority in its sole discretion will select which, if any, Series 2021C Target Bonds to purchase of a particular CUSIP. Bondowners of Series 2021C Target Bonds who do not accept this Invitation and Bondowners of Series 2021C Target Bonds whose offers are rejected by the Airport Authority will continue to hold their interest in such Series 2021C Target Bonds.

To make an informed decision as to whether, and how, to offer Series 2021C Target Bonds for purchase pursuant to this Invitation, Bondowners must read this Invitation carefully, including the Series 2023 Bonds POS attached hereto as Appendix A and the Pricing Notice in the form attached hereto as Appendix B, and consult their broker, account executive, financial advisor, attorney or other professionals. **This Invitation, the Series 2023 Bonds POS and the Pricing Notice, collectively, shall constitute an invitation to Bondowners to offer to tender their Series 2021C Target Bonds for purchase.**

Key Dates and Times

All of these dates and times are subject to change. All times are New York City time. Notices of changes will be sent in the manner provided for in this Invitation.

Launch Date	**September [•], 2023**
Pricing Notice	**[•], 2023**
Expiration Date	**[•], 2023 at 5:00 p.m.**
Preliminary Notice of Acceptance	**[•], 2023**
Determination of Series 2021C Target Bonds Purchase Price	**Approximately 10:00 a.m. on [•], 2023**
Notice of Series 2021C Target Bonds Purchase Price	**[•], 2023**
Final Notice of Acceptance	**[•], 2023**
Settlement Date	**[•], 2023**

The Information Agent and Tender Agent for this Invitation is

GLOBIC ADVISORS
Attention: Robert Stevens
(212) 227 9699, rstevens@globic.com
Document Website: www.globic.com/[•]

The Dealer Manager for this Invitation is

JEFFERIES LLC
Contact your Jefferies LLC Representative or
Jefferies LLC's Municipal Syndicate Desk, (800) 567-8567, muni_underwriting@jefferies.com

Any Bondowner wishing to offer Series 2021C Target Bonds for purchase pursuant to this Invitation should follow the procedures more fully described herein. Bondowners and their brokers and account executives with questions about this Invitation should contact Jefferies LLC, as Dealer Manager, or Globic Advisors, as Information Agent.

The date of this Invitation to Tender Bonds is September [•], 2023.

SERIES 2021C TARGET BONDS SUBJECT TO INVITATION TO TENDER FOR CASH

San Diego County Regional Airport Authority
Subordinate Airport Revenue Refunding Bonds
Series 2021C
(Federally Taxable)

CUSIP (Base No. 79739G)	Maturity Date (July 1)	Interest Rate	Outstanding Principal Amount	Maximum Principal Amount that may be Accepted for Purchase if Tendered	Benchmark U.S. Treasury Security[1]	Indicative Fixed Spread[1,2]
PC4	2024	1.081%	$ 16,570,000		2-Year	[•] bps
PD2	2025	1.341	16,745,000		2-Year	[•] bps
PM2	2030	2.256	505,000		7-Year	[•] bps
PE0	2031	2.356	7,650,000		10-Year	[•] bps
PF7	2032	2.506	8,145,000		10-Year	[•] bps
PG5	2033	2.656	8,610,000		10-Year	[•] bps
PH3	2034	2.806	9,205,000		10-Year	[•] bps
PJ9	2035	2.906	9,870,000		10-Year	[•] bps
PK6	2036	2.956	10,695,000		10-Year	[•] bps
PL4[3]	2043	3.103	242,950,000		30-Year	[•] bps

1 Except for the 30-Year Benchmark U.S. Treasury Security which will be the "old long bond" (CUSIP No. [•]) each Benchmark U.S. Treasury Security will be the most recently auctioned "on-the-run" U.S. Treasury Security for the maturity indicated as of date and time that the Purchase Price for the Series 2021C Target Bonds is set. The yield on each Benchmark U.S. Treasury Security to be used in establishing the Purchase Price for the Series 2021C Target Bonds will be based on the bid-side price of the applicable Benchmark U.S. Treasury Security as quoted on the Bloomberg Bond Trader FIT1 series of pages at approximately 10:00 a.m., New York City time, on [•], 2023. See Section 2 - "Information to Bondowners – Tender Consideration" hereof for additional information.

2 The Indicative Fixed Spreads are preliminary and subject to change. The Actual Fixed Spread for each CUSIP will appear in the Pricing Notice.

3 The Series 2021C Target Bonds maturing on July 1, 2043 (CUSIP No. 79739GPL4) are priced to their average life of October 13, 2041. See Section 2 - "Information to Bondowners – Tender Consideration" hereof for additional information.

IMPORTANT INFORMATION

This Invitation and other information with respect to this Invitation are available from Jefferies LLC, as the Dealer Manager, and Globic Advisors, as the Information Agent, at www.globic.com/[•]. Bondowners wishing to offer their Series 2021C Target Bonds for purchase pursuant to this Invitation should follow the procedures more fully described herein. The Airport Authority reserves the right to cancel or modify, this Invitation at any time on or prior to the Expiration Date and reserves the right to make a future invitation to tender bonds at prices different than the offer purchase prices described herein in its sole discretion. The Airport Authority will have no obligation to purchase Series 2021C Target Bonds offered pursuant to this Invitation. The Airport Authority further reserves the right to waive any irregularities or defects in any offer received.

The Airport Authority also reserves the right in the future to refund any remaining portion of outstanding Series 2021C Target Bonds through the issuance of bonds. Prior to July 1, 2031, the Series 2021C Target Bonds are redeemable at the option of the Airport Authority, in whole or in part at any time, at a make-whole redemption price (as described in the Official Statement dated November 17, 2021 with respect to the Series 2021C Target Bonds. Additionally, each of the Series 2021C Target Bonds maturing on and after July 1, 2032 is subject to redemption in whole or in part, at the option of the Airport Authority on any date on or after July 1, 2031, at a redemption price equal to 100% of the principal amount of the Series 2021C Target Bonds, or portions thereof to be redeemed plus accrued but unpaid interest to the date fixed for redemption.

This Invitation is not being made to, and Series 2021C Target Bonds offered for purchase in response to this Invitation will not be accepted from or on behalf of, Bondowners in any jurisdiction in which this Invitation, the making of offers to sell Series 2021C Target Bonds or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require this Invitation to be made through a licensed or registered broker or dealer, this Invitation is being made on behalf of the Airport Authority by the Dealer Manager.

The Airport Authority is not recommending to any Bondowner whether to offer their Series 2021C Target Bonds for purchase in connection with this Invitation. Each Bondowner must make these decisions and should read this Invitation and the Series 2023 Bonds POS, attached as Appendix A hereto, in their entirety and consult with their broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Invitation, including Appendix A and Appendix B attached hereto; and, if given or made, such information or representation may not be relied upon as having been authorized by the Airport Authority.

The delivery of this Invitation shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the Airport Authority since the date hereof.

This Invitation contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Invitation and other materials referred to or incorporated herein, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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INVITATION TO TENDER BONDS
made by
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

1. Introduction. This Invitation to Tender Bonds, dated September [•], 2023 (as it may be amended or supplemented, this "**Invitation**") describes an invitation by the San Diego County Regional Airport Authority (the "**Airport Authority**"), with the assistance of Jefferies LLC, as Dealer Manager (the "**Dealer Manager**") to the beneficial owners (the "**Bondowners**") of the Airport Authority's outstanding Subordinate Airport Revenue Refunding Bonds, Series 2021C (Federally Taxable) (the "**Series 2021C Target Bonds**") maturing on the dates set forth in the table on page (i) of this Invitation to offer to sell to the Airport Authority such Series 2021C Target Bonds for cash at an offer price for each CUSIP of the Series 2021C Target Bonds to be determined based on [the applicable fixed spread (each, a "**Fixed Spread**") to be added to the yield on the relevant benchmark United States Treasury Security (the "**Benchmark U.S. Treasury Security**")] plus accrued interest on such Series 2021C Target Bonds tendered for purchase to but not including the Settlement Date (as hereinafter defined). On or about [•], 2023, the Airport Authority will publish the Pricing Notice in the form attached hereto as Appendix B, which will either confirm or amend the "Indicative Fixed Spread" as listed on page (i) of this Invitation for each CUSIP of the Series 2021C Target Bonds.

The purchase of any Series 2021C Target Bonds pursuant to this Invitation is contingent on the issuance of the Airport Authority's (a) Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the "**Series 2023A Bonds**"), [and (b) Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the "**Series 2023B Bonds**," and together with the Series 2023A Bonds, the "**Series 2023 Bonds**"),] and is also subject to the terms of this Invitation and certain other conditions as described herein.

The Series 2021C Target Bonds were issued by the Airport Authority pursuant to Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "**Master Subordinate Indenture**"), by and between the Airport Authority and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, as successor trustee (the "**Subordinate Trustee**"), and the Ninth Supplemental Subordinate Trust Indenture, dated as of December 1, 2021 (the "**Ninth Supplemental Subordinate Indenture**," and collectively with the Master Subordinate Indenture, and all supplements thereto, the "**Subordinate Indenture**"), by and between the Airport Authority and the Subordinate Trustee. This Invitation is part of a plan by the Airport Authority to refinance some or all of the outstanding Series 2021C Target Bonds, as described in the Preliminary Official Statement of the Airport Authority dated September [•], 2023 and attached hereto as Appendix A (the "**Series 2023 Bonds POS**"). **The Airport Authority's outstanding bonds of any series that are not identified in the table above are not subject to this Invitation.** For additional information concerning the Airport Authority and its outstanding indebtedness, see the Series 2023 Bonds POS attached hereto as Appendix A.

Pursuant to this Invitation, each Bondowner may offer to tender to the Airport Authority for purchase any or all Series 2021C Target Bonds, in a denomination of $5,000 principal amount (the "**Minimum Authorized Denomination**") or any integral multiple thereof, with respect to which the Bondowner has a beneficial ownership interest. The applicable Fixed Spread for each CUSIP of the Series 2021C Target Bonds at which such Series 2021C Target Bonds may be tendered by a Bondowner for purchase pursuant to this Invitation will be set forth in the Pricing Notice. The applicable purchase price for each CUSIP of the Series 2021C Target Bonds (each an "**Offer Purchase Price**") will be determined as further described below in Section 2 – "Information to Bondowners – *Tender Consideration*" hereof.

The source of funds to purchase the Series 2021C Target Bonds validly tendered for purchase pursuant to this Invitation is anticipated to be proceeds of the Series [2023A/B] Bonds to be issued on the Settlement Date (as hereinafter defined). The payment of accrued interest on Series 2021C Target Bonds validly tendered for purchase is expected to be made from funds held by the Airport Authority for such purpose. The purchase of any of the Series 2021C Target Bonds tendered for purchase pursuant to this Invitation is contingent on the issuance of the Series [2023A/B] Bonds. The Airport Authority's obligations to accept for purchase and to pay for Series 2021C Target Bonds validly tendered (and not withdrawn prior to the Expiration Date) pursuant to this Invitation are also subject to the satisfaction or waiver of certain conditions. See Section 13 – "Conditions to Purchase" hereof for additional information regarding certain of such conditions.

Subject to the terms of this Invitation and the satisfaction of all conditions to the Airport Authority's obligation to purchase tendered Series 2021C Target Bonds as described herein, and provided that (i) the Series 2021C Target Bonds offered by a Bondowner for purchase have been validly tendered by 5:00 p.m., New York City time, on [•], 2023 (as extended from time to time in accordance with this Invitation, the "**Expiration Date**"), and (ii) accepted by the Airport Authority on [•], 2023 (as extended from time to time in accordance with this Invitation, the "**Acceptance Date**"), the Airport Authority will purchase such Series 2021C Target Bonds tendered for purchase on October [•], 2023 or such later date as the Airport Authority shall determine (such date, the "**Settlement Date**"). Accrued interest on the Series 2021C Target Bonds purchased will also be paid on the Settlement Date.

All times in this Invitation are local time in New York City.

No assurances can be given that the Series [2023A/B] Bonds will be issued or that any Series 2021C Target Bonds offered for purchase by a Bondowner will be purchased. See Section 9 – "Acceptance of Offers for Purchase" hereof for more information on the selection of tendered Series 2021C Target Bonds to be purchased, if any. The Airport Authority reserves the right to amend or waive the terms of this Invitation as to any or all of the Series 2021C Target Bonds in any respect and at any time prior to the Expiration Date or from time to time, in its sole discretion. The Airport Authority also has the right to terminate this Invitation at any time up to and including the Expiration Date. See Section 14 – "Extension, Termination and Amendment of Invitation; Changes to Terms" hereof.

The Airport Authority is under no obligation to accept any of the Series 2021C Target Bonds that are tendered for purchase pursuant to this Invitation as described in Section 9 – "Acceptance of Offers for Purchase" hereof. Any Series 2021C Target Bonds tendered by Bondowners pursuant to this Invitation but not accepted by the Airport Authority will be returned to the Bondowners and will continue to be payable and secured under the terms of the Subordinate Indenture until maturity or prior redemption. If all conditions to this Invitation are not satisfied or waived by the Airport Authority on or prior to the Settlement Date, any Series 2021C Target Bonds tendered by Bondowners pursuant to this Invitation will be returned to the Bondowners and will continue to be payable and secured under the terms of the Subordinate Indenture until maturity or prior redemption.

To make an informed decision as to whether, and how, to offer Series 2021C Target Bonds for purchase pursuant to this Invitation, a Bondowner must read this Invitation carefully, including the Series 2023 Bonds POS attached hereto as Appendix A.

None of the Airport Authority, the Dealer Manager or the Information Agent and Tender Agent (as hereinafter defined) make any recommendation that any Bondowner offer and tender or refrain from offering and tendering all or any portion of such Bondowner's Series 2021C Target Bonds for purchase. Bondowners must make these decisions and should consult with their broker, account executive, financial advisor, attorney and/or other appropriate professionals.

The Dealer Manager for this Invitation is Jefferies LLC. Globic Advisors is serving as Information Agent and Tender Agent (the "**Information Agent**" or the "**Tender Agent**") in connection with this Invitation. Bondowners with questions about the substance of this Invitation should contact the Dealer Manager. Bondowners with questions about the mechanics of this Invitation should contact the Information Agent at the email address and telephone number set forth on the inside cover page of this Invitation.

2. Information to Bondowners.

General. The Airport Authority will provide additional information about this Invitation, if any, to the market and Bondowners, including, without limitation, the Pricing Notice in the form attached hereto as Appendix B expected to be delivered on or about [•], 2023 and any supplement to the Series 2023 Bonds POS, by delivery of such information in the following ways: (a) to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at http://emma.msrb.org (the "**EMMA Website**"), using the CUSIP numbers for the Series 2021C Target Bonds listed in the table on page (i) of this Invitation; (b) to DTC (as hereinafter defined) and to the DTC participants holding the Series 2021C Target Bonds; and (c) by posting electronically on the website of the Information Agent at www.globic.com/[•]. Delivery by the Airport Authority of information in this manner will be deemed to constitute delivery of the information to each Bondowner. The Airport Authority, the Dealer Manager, and the Information Agent and Tender Agent have no obligation to ensure that a Bondowner actually receives any information provided by the Airport Authority in this manner. A Bondowner who would like to receive information furnished by or on behalf of the Airport Authority as described above must make appropriate arrangements with its broker, account executive or other financial advisor or representative.

Tender Consideration. On or about [•], 2023, the Airport Authority will publish the Pricing Notice in the form attached hereto as Appendix B, which Pricing Notice will set forth either a confirmation of the indicative fixed spreads shown on page (i) of this Invitation or an amendment to the fixed spreads (each, a "**Fixed Spread**") for each CUSIP of the Series 2021C Target Bonds tendered and accepted for purchase pursuant to this Invitation.

The applicable Fixed Spread will represent the yield, expressed as an interest rate percentage above the yield on the relevant Benchmark U.S. Treasury Security (set forth on page (i) of this Invitation) to be used in establishing the Offer Purchase Price for each of the Series 2021C Target Bonds. The applicable Fixed Spread will be added to the yield on the relevant Benchmark U.S. Treasury Security for each CUSIP. The yield on each Benchmark U.S. Treasury Security (the "**Treasury Security Yield**") will be based on the bid-side price of the Benchmark U.S. Treasury Security as quoted on the Bloomberg Bond Trader FIT1 series of pages at 10:00 a.m. on [•], 2023. The applicable Fixed Spread for each CUSIP will be added to the relevant Treasury Security Yield to arrive at a yield for each CUSIP (each a "**Purchase Yield**").

The Purchase Yields will be used to calculate the Offer Purchase Prices. The Offer Purchase Prices will be calculated using the market standard bond pricing formula as of the Settlement Date using the relevant Purchase Yield and the maturity date for each of the Series 2021C Target Bonds, [except that for the Series 2021C Target Bond maturing July 1, 2043 only (CUSIP No. 79739GPL4), the Offer Purchase Price will be calculated using the market standard bond pricing formula assuming their average life date of October 31, 2041 as the maturity date.

The Series 2021C Target Bonds maturing on July 1, 2043 (the "**Series 20211C Target Term Bonds**") are subject to mandatory sinking fund redemptions in specified principal amounts prior to their maturity dates. If any Series 2021C Target Term Bonds are purchased by the Airport Authority pursuant to the Invitation, the Series 2021C Target Term Bond's specified principal amounts to be redeemed on each mandatory sinking fund redemption date and paid upon their maturity date will be adjusted, pro rata, based on the ratio equal to (a) the aggregate par amount of unpurchased Series 2021C Target Term Bonds by

(b) $[242,950,000], in Authorized Denominations, so that the total of all scheduled mandatory sinking fund redemptions and the principal amount due at maturity will equal the aggregate par amount of such unpurchased Series 2021C Target Term Bonds. As such, the unpurchased Series 2021C Target Term Bonds will continue to be subject to the mandatory sinking fund redemptions in annual amounts that will be reflected on a revised mandatory sinking fund redemption schedule.

3. Expiration Date; Offers Only Through Financial Institutions; Brokerage Commissions. This Invitation to offer to sell Series 2021C Target Bonds will expire at 5:00 p.m., New York City time, on [•], 2023, the Expiration Date, unless earlier terminated or extended as described in this Invitation. Offers to sell Series 2021C Target Bonds received after 5:00 p.m., New York City time, on the Expiration Date (as it may be extended) will not be considered. See Section 14 –"Extension, Termination and Amendment of Invitation" hereof for a discussion of the Airport Authority's ability to extend the Expiration Date and to terminate or amend this Invitation.

All of the Series 2021C Target Bonds are held in book-entry-only form through the facilities of The Depository Trust Company of New York ("**DTC**"). The Information Agent and Tender Agent and DTC have confirmed that this Invitation is eligible for submission of tenders for purchase through DTC's Automated Tender Offer Program (known as the "**ATOP**" system). **Bondowners of Series 2021C Target Bonds who want to accept the Airport Authority's Invitation to sell Series 2021C Target Bonds must do so through a DTC participant in accordance with the relevant DTC procedures for the ATOP system. The Airport Authority will not accept any offers of Series 2021C Target Bonds for purchase that are not made through the ATOP system**. Bondowners who are not DTC participants can only offer Series 2021C Target Bonds for purchase pursuant to this Invitation by making arrangements with and instructing the bank or brokerage firm through which they hold their Series 2021C Target Bonds (sometimes referred to herein as a "custodial intermediary") to tender the Bondowner's Series 2021C Target Bonds on their behalf through the ATOP system. To ensure a Bondowner's Series 2021C Target Bonds are tendered through the ATOP system by 5:00 p.m., New York City time, on the Expiration Date, Bondowners must provide instructions to the bank or brokerage firm through which their Series 2021C Target Bonds are held in sufficient time for such custodial intermediary to tender the Series 2021C Target Bonds in accordance with DTC procedures through the ATOP system by this deadline. Bondowners should contact their bank or brokerage firm through which they hold their Series 2021C Target Bonds for information on when such custodial intermediary needs the Bondowner's instructions in order to tender the Bondowner's Series 2021C Target Bonds through the ATOP system by 5:00 p.m., New York City time, on the Expiration Date. See also Section 6 – "Transmission of Offers by Financial Institutions; DTC ATOP Procedures" hereof.

The Airport Authority, the Dealer Manager, and the Information Agent and Tender Agent are not responsible for making or transmitting any offer to sell Series 2021C Target Bonds or for the transfer of any tendered Series 2021C Target Bonds through the ATOP system or for any mistakes, errors or omissions in the making or transmission of any offer or transfer.

Bondowners will not be obligated to pay any brokerage commissions or solicitation fees to the Airport Authority, the Dealer Manager or the Information Agent and Tender Agent in connection with this Invitation. However, Bondowners should check with their broker, account executive or other financial institution which maintains the account in which their Series 2021C Target Bonds are held to determine if it will charge any commission or fees.

4. Minimum Denominations and Consideration for Offers; Changes to the Terms of this Invitation.

Authorized Denominations for Offers. A Bondowner may make an offer to sell all or a portion of Series 2021C Target Bonds of a particular CUSIP that it owns in an amount of its choosing, but only in principal amounts equal to the Minimum Authorized Denomination or any integral multiple of $5,000 in excess thereof.

Tender Consideration. Series 2021C Target Bonds may only be offered by a Bondowner for purchase by the Airport Authority pursuant to this Invitation at the relevant Fixed Spreads for each CUSIP to be set forth in the Pricing Notice. The Offer Purchase Price for the Series 2021C Target Bonds with each particular CUSIP tendered pursuant to this Invitation will be calculated using the market standard bond pricing formula as of the Settlement Date using the relevant Purchase Yield and the maturity date for each of the Series 2021C Target Bonds, [except that for the Series 2021C Target Bond maturing July 1, 2043 only (CUSIP No. 79739GPL4), the Offer Purchase Price will be calculated using the market standard bond pricing formula assuming July 1, 20[•] as the assumed maturity date. In addition to the Offer Purchase Price of the Series 2021C Target Bonds accepted for purchase by the Airport Authority, accrued interest on such Series 2021C Target Bonds will be paid by, or on behalf of, the Airport Authority to the tendering Bondowners on the Settlement Date. The Offer Purchase Prices (and the accrued interest) will constitute the sole consideration payable by the Airport Authority for Series 2021C Target Bonds purchased by the Airport Authority pursuant to this Invitation.

Changes to Terms of this Invitation. As described in Section 14 – "Extension, Termination and Amendment of Invitation" hereof, the Airport Authority may revise the terms of this Invitation prior to the Expiration Date. If the Airport Authority determines to revise the terms of this Invitation, it shall provide notice thereof in the manner described in Section 2 – Information to Bondholders" hereof [no later than 11:00 a.m., New York City time, on the Business Day prior to the Expiration Date.] If the Airport Authority increases the Fixed Spread for any of the Series 2021C Target Bonds pursuant to this Invitation (which would thereby reduce the related Offer Purchase Price), the Airport Authority shall provide notice thereof (as described in Section 2 – "Information to Bondowners" hereof) no less than [three (3)] Business Days prior to the Expiration Date, as extended. **In such event, any offers submitted with respect to the affected Series 2021C Target Bonds prior to such change in the Fixed Spread for such Series 2021C Target Bonds pursuant to this Invitation will remain in full force and effect and any Bondowner of such affected Series 2021C Target Bonds wishing to revoke their offer to tender such Series 2021C Target Bonds must affirmatively withdraw such offer prior to the Expiration Date as described in Section 8 – "Withdrawals of Offers Prior to Expiration Date; Irrevocability of Offers on Expiration Date" hereof.**

5. Provisions Applicable to all Offers. A Bondowner should ask its financial advisor, investment manager, broker or account executive for advice in determining whether to offer Series 2021C Target Bonds for purchase and the principal amount of Series 2021C Target Bonds to be offered. A Bondowner should also inquire as to whether its financial institution will charge a fee for submitting offers. The Airport Authority, the Dealer Manager, and the Information Agent and Tender Agent will not charge fees to any Bondowner making an offer or completing the purchase of Series 2021C Target Bonds.

An offer to sell Series 2021C Target Bonds cannot exceed the par amount of Series 2021C Target Bonds owned by the Bondowner. Series 2021C Target Bonds may be tendered and accepted for payment only in principal amounts equal to the Minimum Authorized Denomination and integral multiples of $5,000 in excess thereof.

“All or none” offers are not permitted. No alternative, conditional or contingent tenders will be accepted. All tenders shall survive the death or incapacity of the tendering Bondowner.

By making an offer pursuant to this Invitation, each Bondowner will be deemed to have represented and warranted to and agreed with the Airport Authority and the Dealer Manager that:

(a) the Bondowner has received, and has had the opportunity to review, this Invitation (including the Series 2023 Bonds POS attached as Appendix A hereto) and the Pricing Notice prior to making the decision as to whether or not they should offer to tender their Series 2021C Target Bonds for purchase;

(b) the Bondowner has full authority to tender, sell, assign and transfer such Series 2021C Target Bonds, and that, on the Settlement Date, the Airport Authority, as transferee, will acquire good title, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondowner of the applicable Offer Purchase Price, plus payment of the accrued interest;

(c) the Bondowner has made its own independent decision to make the offer, the appropriateness of the terms thereof, and whether the offer is appropriate for the Bondowner;

(d) such decisions are based upon the Bondowner’s own judgment and upon advice from such advisors as the Bondowner has consulted;

(e) the Bondowner is not relying on any communication from the Airport Authority or any Dealer Manager as investment advice or as a recommendation to make the offer, it being understood that the information from the Airport Authority or the Dealer Manager related to the terms and conditions of this Invitation shall not be considered investment advice or a recommendation to make an offer; and

(f) the Bondowner is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand and accept, the terms and conditions of this Invitation.

6. Transmission of Offers by Financial Institutions; DTC ATOP Procedures. Offers to sell Series 2021C Target Bonds pursuant to this Invitation may only be made to the Airport Authority through DTC’s ATOP system. Bondowners that are not DTC participants must make their offers through their custodial intermediary. A DTC participant must tender the Series 2021C Target Bonds offered by the Bondowner pursuant to this Invitation on behalf of the Bondowner for whom it is acting, by book-entry through the ATOP system. In so doing, such custodial intermediary and the Bondowner on whose behalf the custodial intermediary is acting, agree to be bound by DTC’s rules for the ATOP system. In accordance with ATOP procedures, DTC will then verify receipt of the tender offer and send an Agent’s Message (as described below) to the Information Agent and Tender Agent.

The term “**Agent’s Message**” means a message transmitted by DTC to, and received by, the Information Agent and Tender Agent and forming a part of the book-entry confirmation which states that DTC has received an express acknowledgement from the DTC participant tendering Series 2021C Target Bonds for purchase that are the subject of such book-entry confirmation, stating: (a) the par amount of the Series 2021C Target Bonds that have been tendered by such DTC participant on behalf of the Bondowner pursuant to this Invitation, and (b) that the Bondowner agrees to be bound by the terms of this Invitation, including the representations, warranties, agreements and affirmations deemed made by it as set forth in Section 5 – “Provisions Applicable to all Offers” hereof.

Agent's Messages must be transmitted to and received by the Information Agent and Tender Agent by not later than 5:00 p.m., New York City time, on the Expiration Date (as such date may have been changed as provided in this Invitation). Series 2021C Target Bonds will not be deemed to have been tendered for cash purchase pursuant to this Invitation until an Agent's Message with respect thereto is received by the Information Agent and Tender Agent.

Each DTC participant is advised to submit each beneficial owner's instruction individually into DTC's ATOP system to ensure proper settlement.

7. Determinations as to Form and Validity of Offers; Right of Waiver and Rejection. All questions as to the validity (including the time of receipt of Agent's Messages by the Information Agent and Tender Agent), eligibility, and acceptance of any offers to sell Series 2021C Target Bonds will be determined by the Airport Authority in its sole discretion and will be final, conclusive and binding.

The Airport Authority reserves the right to waive any irregularities or defects in any offer. The Airport Authority, the Dealer Manager, and the Information Agent and Tender Agent are not obligated to give notice of any defects or irregularities in offers, and they will have no liability for failing to give such notice.

8. Withdrawals of Offers Prior to Expiration Date; Irrevocability of Offers on Expiration Date. A Bondowner may withdraw its offer of Series 2021C Target Bonds tendered for purchase pursuant to this Invitation by causing a withdrawal notice to be transmitted via DTC's ATOP system to, and received by, the Information Agent and Tender Agent at or before 5:00 p.m., New York City time, on the Expiration Date (as the date and time may have been changed as provided in this Invitation).

Bondowners who are not DTC participants can only withdraw their offers by making arrangements with and instructing the custodial intermediary through which they hold their Series 2021C Target Bonds to submit the Bondowner's notice of withdrawal through the DTC ATOP system.

All offers to sell Series 2021C Target Bonds will become irrevocable as of 5:00 p.m., New York City time, on the Expiration Date (as such date may have been changed from time to time as provided in this Invitation).

9. Acceptance of Offers for Purchase. On the Acceptance Date (i.e., [•], 2023, unless extended), upon the terms and subject to the conditions of this Invitation, the Airport Authority will announce its acceptance for purchase of Series 2021C Target Bonds, if any, offered and validly tendered by Bondowners pursuant to this Invitation by giving notice in the manner described in Section 2 – Information to Bondowners" hereof, with acceptance subject to the satisfaction or waiver by the Airport Authority of the conditions to the purchase of tendered Series 2021C Target Bonds. See Section 10 – "Acceptance of Offers Constitutes Irrevocable Agreement" and Section 13 – "Conditions to Purchase" hereof.

The Airport Authority intends to purchase up to $[•] in principal amount of Series 2021C Target Bonds pursuant to this Invitation, though depending upon the results of this Invitation and other factors the Airport Authority in its sole discretion may purchase a lesser principal amount of Series 2021C Target Bonds. The Airport Authority shall be under no obligation to accept any Series 2021C Target Bonds tendered for purchase pursuant to this Invitation. The Airport Authority in its sole discretion will select which, if any, Series 2021C Target Bonds to purchase of a particular CUSIP based on its determination of the economic benefit from such purchase.

If the aggregate principal amount of Series 2021C Target Bonds of a particular CUSIP tendered for purchase exceeds the "Maximum Principal Amount that may be Accepted for Purchase if Tendered" as shown on page (i) herein, the Airport Authority will accept such Series 2021C Target Bonds on a pro rata basis. In such case, the principal amount of each individual offer will be reduced, pro rata, based upon the ratio of principal amount of the Series 2021C Target Bonds of a particular CUSIP accepted for purchase divided by the aggregate principal amount of Series 2021C Target Bonds of a particular CUSIP tendered for purchase. If, as a result of any such pro rata acceptance, the Airport Authority is required to accept a principal amount of Series 2021C Target Bonds that is not equal to an Authorized Denomination, the Airport Authority will round down to the nearest principal amount of Series 2021C Target Bonds to be accepted from any affected tender submission so that the principal amount of its Series 2021C Target Bonds accepted will be equal to an Authorized Denomination and not in an amount in excess of the "Maximum Principal Amount that may be Accepted for Purchase if Tendered."

The acceptance notification will state: (i) the principal amount of the Series 2021C Target Bonds of each CUSIP number that the Airport Authority has accepted for purchase in accordance with this Invitation, which may be zero for a particular CUSIP number, or (ii) that the Airport Authority has decided not to purchase any Series 2021C Target Bonds.

Shortly following the giving of notice of its acceptance of offers, the Airport Authority will instruct DTC to release from the controls of the ATOP system all Series 2021C Target Bonds that were offered but were not accepted for purchase. The release of such Series 2021C Target Bonds will take place in accordance with DTC's ATOP procedures. The Airport Authority, the Dealer Manager, and the Information Agent and Tender Agent are not responsible or liable for the operation of the ATOP system by DTC to properly credit such released Series 2021C Target Bonds to the applicable account of the DTC participant or custodial intermediary or by such DTC participant or custodial intermediary for the account of the Bondowner.

Notwithstanding any other provision of this Invitation, the obligation of the Airport Authority to accept for purchase and to pay for Series 2021C Target Bonds offered and validly tendered (and not validly withdrawn) by Bondowners pursuant to this Invitation is subject to the satisfaction or waiver of the conditions set forth under Section 13 – "Conditions to Purchase" hereof. The Airport Authority reserves the right to amend or waive any of the terms of or conditions to this Invitation, in whole or in part, at any time prior to the Expiration Date in its sole discretion. This Invitation may be withdrawn by the Airport Authority at any time prior to the Expiration Date.

10. Acceptance of Offers Constitutes Irrevocable Agreement. Acceptance by the Airport Authority of offers to sell Series 2021C Target Bonds tendered by Bondowners will constitute an irrevocable agreement between the offering Bondowner and the Airport Authority to sell and purchase such Series 2021C Target Bonds, subject to the conditions and terms of this Invitation, including the Conditions to Purchase set forth in Section 13 – "Conditions to Purchase" hereof.

11. Settlement Date; Purchase of Series 2021C Target Bonds. Subject to satisfaction of all conditions to the Airport Authority's obligation to purchase tendered Series 2021C Target Bonds, as described herein, the Settlement Date is the day on which Series 2021C Target Bonds accepted for purchase will be purchased and paid for at the applicable Offer Purchase Price, and the accrued interest on the Series 2021C Target Bonds to be purchased will also be paid. Such purchase and payment are expected to occur by 3:00 p.m., New York City time, on the Settlement Date. The Settlement Date has initially been set as October [•], 2023, unless extended by the Airport Authority, assuming all conditions to this Invitation have been satisfied or waived by the Airport Authority.

The Airport Authority may, in its sole discretion, change the Settlement Date by giving notice thereof in the manner described in Section 2 – "Information to Bondowners" hereof prior to the change. [However, the Settlement Date may not be later than October [•], 2023. If the Airport Authority does not complete the purchase of the Series 2021C Target Bonds by 3:00 p.m., New York City time, on October [•], 2023, the right and obligation of the Airport Authority to purchase any Series 2021C Target Bonds will automatically terminate, without any liability to any Bondowner, and the Airport Authority will instruct DTC to release from the controls of the ATOP system all Series 2021C Target Bonds.]

Subject to satisfaction of all conditions to the Airport Authority's obligation to purchase Series 2021C Target Bonds tendered for purchase pursuant to this Invitation, as described herein, payment by the Airport Authority will be made through DTC on the Settlement Date. The Airport Authority expects that, in accordance with DTC's standard procedures, DTC will transmit the aggregate Offer Purchase Prices to be paid for the Series 2021C Target Bonds tendered for purchase (plus accrued interest) to DTC participants holding the Series 2021C Target Bonds accepted for purchase on behalf of Bondowners for subsequent disbursement to the Bondowners. **The Airport Authority, the Dealer Manager and the Information Agent and Tender Agent have no responsibility or liability for the distribution of the Offer Purchase Prices and accrued interest paid by DTC to DTC participants or by DTC participants to Bondowners**.

Promptly following such deliveries and payments, the Airport Authority will instruct the Subordinate Trustee for the Series 2021C Target Bonds purchased to cause such Series 2021C Target Bonds to be cancelled and retired.

12. Source of Funds. The source of funds to purchase the Series 2021C Target Bonds validly tendered for purchase pursuant to this Invitation and accepted by the Airport Authority is anticipated to be proceeds received by the Airport Authority from the sale of its Series [2023A/B] Bonds, expected to be issued on the Settlement Date. [The payment of accrued interest on Series 2021C Target Bonds validly tendered for purchase is expected to be made from funds held by the Airport Authority for such purpose.] The Airport Authority's ability to settle the cash purchase of Series 2021C Target Bonds tendered for purchase is contingent upon the successful delivery of its Series [2023A/B] Bonds and the other conditions set forth herein.

13. Conditions to Purchase. The consummation of the purchase of the Series 2021C Target Bonds pursuant to this Invitation is conditioned upon the Airport Authority obtaining satisfactory and sufficient economic benefit therefrom when taken together with the proposed issuance of the Series [2023A/B] Bonds, all on the terms and conditions that are in the Airport Authority's best interest as determined in its sole discretion. Payment on the Settlement Date is conditioned upon the issuance of the Series [2023A/B] Bonds. Furthermore, the Airport Authority will not be required to purchase any Series 2021C Target Bonds, and will incur no liability as a result, if, before payment for Series 2021C Target Bonds on the Settlement Date:

(a) The Airport Authority does not, for any reason, have sufficient funds on the Settlement Date from the proceeds of the Series [2023A/B] Bonds to pay the Offer Purchase Prices of tendered Series 2021C Target Bonds accepted for purchase pursuant to this Invitation and pay all fees and expenses associated with the Series [2023A/B] Bonds and this Invitation, including the accrued interest on all Series 2021C Target Bonds accepted for purchase;

(b) Litigation or another proceeding is pending or threatened which the Airport Authority believes may, directly or indirectly, have an adverse impact on this Invitation or the expected benefits of this Invitation to the Airport Authority or the Bondowners;

(c) A war, public health or other national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the Airport Authority believes this fact makes it inadvisable to proceed with the purchase of Series 2021C Target Bonds;

(d) A material change in the business or affairs of the Airport Authority has occurred which the Airport Authority believes makes it inadvisable to proceed with the purchase of Series 2021C Target Bonds;

(e) A material change in the net benefits of the transaction contemplated by this Invitation and the Series 2023 Bonds POS has occurred due to a material change in market conditions which the Airport Authority reasonably believes makes it inadvisable to proceed with the purchase of Series 2021C Target Bonds; or

(f) There shall have occurred a material disruption in securities settlement, payment or clearance services.

These conditions are for the sole benefit of the Airport Authority. They may be asserted by the Airport Authority prior to the time of payment for the Series 2021C Target Bonds on the Settlement Date. The conditions may be waived by the Airport Authority in whole or in part at any time and from time to time in its sole discretion and may be exercised independently for each maturity date and CUSIP number of the Series 2021C Target Bonds. The failure by the Airport Authority at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the Airport Authority which may be asserted at any time and from time to time. Any determination by the Airport Authority concerning the events described in this Section 13 will be final and binding upon all parties. If, prior to the time of payment of any Series 2021C Target Bonds any of the events described happens, the Airport Authority will have the absolute right to cancel its obligations to purchase Series 2021C Target Bonds without any liability to any Bondowner or any other person.

14. Extension, Termination and Amendment of Invitation. Through and including the Expiration Date, the Airport Authority has the right to extend this Invitation, to any date in its sole discretion. Notice of an extension of the Expiration Date will be given in the manner described in Section 2 – "Information to Bondowners" hereof, on or about 11:00 a.m., New York City time, on the first Business Day after the then current Expiration Date.

The Airport Authority also has the right, prior to the Expiration Date to terminate this Invitation at any time by giving notice of such termination in the manner described in Section 2 – "Information to Bondowners" hereof.

The Airport Authority also has the right, prior to the Expiration Date, to amend or waive the terms of this Invitation in any respect and at any time by giving notice of the amendment or waiver in the manner described in Section 2 – "Information to Bondowners" hereof. The amendment or waiver will be effective at the time specified in such notice.

If the Airport Authority amends the terms of this Invitation, including a waiver of any term, in any material respect, notice of such amendment or waiver will be given no later than three (3) Business Days prior to the Expiration Date, as extended to provide reasonable time for dissemination of such amendment or waiver to Bondowners and for Bondowners to respond. **If the Airport Authority increases the Fixed**

Spread for any of the Series 2021C Target Bonds pursuant to this Invitation, any offers submitted with respect to the affected Series 2021C Target Bonds prior to such change in the Fixed Spread for such Series 2021C Target Bonds pursuant to this Invitation will remain in full force and effect, and any Bondowner of such affected Series 2021C Target Bonds wishing to revoke their offer to tender such Series 2021C Target Bonds must affirmatively withdraw such offer prior to the Expiration Date as described in Section 8 – "Withdrawals of Offers Prior to Expiration Date; Irrevocability of Offers on Expiration Date" hereof.

No extension, termination or amendment of this Invitation (or waiver of any terms of this Invitation) will: (i) change the Airport Authority's right to decline to purchase any Series 2021C Target Bonds without liability; or (ii) give rise to any liability of the Airport Authority, the Dealer Manager, or the Information Agent and Tender Agent to any Bondowner or nominee.

15. Certain Federal Income Tax Consequences.

General Matters. The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) that tender their Series 2021C Target Bonds for cash. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective tendering investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "**IRS**") with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not address U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2021C Target Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address: (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Internal Revenue Code of 1986, as amended (the "**Code**"), or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series 2021C Target Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors who will hold their Series 2021C Target Bonds as "capital assets" within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Series 2021C Target Bonds other than investors that are U.S. Holders. As used herein, "U.S. Holder" means a Bondowner of a Series 2021C Target Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the Airport Authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Series 2021C Target Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2021C Target Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2021C Target Bonds (including their status as U.S. Holders).

Any federal income tax discussions in this Invitation are included for general information only and should not be construed as a tax opinion nor tax advice by the Airport Authority, the Dealer Manager, the Information Agent or any of the Airport Authority's advisors or agents to Bondowners. Such discussions also do not purport to address all aspects of federal income taxation that may be relevant to particular Bondowners (e.g., a foreign person, bank, thrift institution, personal holding company, tax exempt organization, regulated investment company, insurance company, or other broker or dealer in securities or currencies). Bondowners should not rely on such discussions and are urged to consult their own tax advisors to determine the particular federal, state, local and foreign tax consequences of sales made by them pursuant to purchase offers involving the Series 2021C Target Bonds, including the effect of possible changes in the tax laws. In addition to federal tax consequences, the sale of Series 2021C Target Bonds may be treated as a taxable event for state, local and foreign tax purposes. Bondowners are urged to consult their own tax advisors to determine the particular state, local and foreign tax consequences of sales made by them pursuant to purchase offers involving the Series 2021C Target Bonds, including the effect of possible changes in the tax laws.

Tendering U.S. Holders. The tender of a Series 2021C Target Bond for cash will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder will recognize gain or loss equal to the difference between (i) the amount of cash received (except to the extent attributable to accrued but unpaid interest on the Series 2021C Target Bond, which will be taxed as ordinary interest income except to the extent such interest is excludible from gross income under Section 103 of the Code) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Series 2021C Target Bond (generally, the purchase price paid by the U.S. Holder for the Series 2021C Target Bond, decreased by any amortized acquisition premium, and increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Series 2021C Target Bond or otherwise required to be added to the cost basis of the U.S. Holder in such Series 2021C Target Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2021C Target Bonds holding the Series 2021C Target Bond for a period exceeding one year, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income. The deductibility of capital losses is subject to limitations.

Backup Withholding. Amounts paid to Bondowners may be subject to backup withholding by reason of the events specified by Section 3406 of the Code which include failure of a Bondowner to supply the broker, dealer, commercial bank or trust company acting on behalf of such Bondowner with such Bondowner's taxpayer identification number certified under penalty of perjury. Certification can be made by completing a substitute IRS Form W-9, a copy of which is available from the Information Agent. Backup withholding may also apply to Bondowners who are otherwise exempt from such backup withholding if such Bondowners fail to properly document their status as exempt recipients.

16. Additional Considerations. In deciding whether to participate in this Invitation, each Bondowner should consider carefully, in addition to the other information contained in this Invitation, the following:

Market for Series 2021C Target Bonds. The Series 2021C Target Bonds are not listed on any national or regional securities exchange. To the extent that the Series 2021C Target Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondowners may be able to effect a sale of the Series 2021C Target Bonds at a price higher than the Offer Purchase Price established pursuant to this Invitation.

Series 2021C Target Bonds Not Tendered for Purchase. Bondowners of Series 2021C Target Bonds who do not accept this Invitation will continue to hold their interest in such Series 2021C Target

Bonds. If Series 2021C Target Bonds are purchased pursuant to this Invitation, the principal amount of Series 2021C Target Bonds for a particular CUSIP that remains outstanding will be reduced, which could adversely affect the liquidity and market value of the Series 2021C Target Bonds of that CUSIP that remain outstanding.

The terms of the Series 2021C Target Bonds that remain outstanding will continue to be governed by the terms of the Subordinate Indenture related to such Series 2021C Target Bonds. Each of the Series 2021C Target Bonds maturing on and after July 1, 2032 is subject to redemption in whole or in part, at the option of the Airport Authority on any date on or after July 1, 2031, at a redemption price equal to 100% of the principal amount of the Series 2021C Target Bonds, or portions thereof to be redeemed plus accrued but unpaid interest to the date fixed for redemption.

To the extent Series 2021C Target Bonds are not purchased pursuant to this Invitation, the Airport Authority reserves the right to, and may in the future decide to, acquire some or all of the Series 2021C Target Bonds through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the consideration offered pursuant to this Invitation, which could be cash or other consideration. Any future acquisition of Series 2021C Target Bonds may be on the same terms or on terms that are more or less favorable to Bondowners than the terms described in this Invitation. The Airport Authority also reserves the right in the future to refund (on an advance or current basis) any remaining portion of outstanding Series 2021C Target Bonds through the issuance of publicly offered or privately placed tax-exempt or taxable bonds. The decision to undertake any such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the Airport Authority may ultimately choose to pursue in the future.

Series 2021C Target Bonds are Subordinate Obligations. The Series 2021C Target Bonds are Subordinate Obligations of the Airport Authority. The Series 2021C Target Bonds are special obligations of the Airport Authority, payable solely from and secured by a pledge of (a) Subordinate Net Revenues, which include certain income and revenue received by the Airport Authority from the operation of the Airport System, less all amounts that are required to pay the Operation and Maintenance Expenses of the Airport System and less all amounts necessary to pay debt service on and fund the reserves for the Senior Bonds (including the Series 2023 Bonds); and (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture.

As described in the Series 2023 Bonds POS, the Series 2023 Bonds are Senior Bonds of the Airport Authority. The Series 2023 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of and first lien on Net Revenues, which include certain income and revenue received by the Airport Authority from the operation of the Airport System less all amounts that are required to pay the Operation and Maintenance Expenses of the Airport System; and (b) certain funds and accounts held by The Bank of New York Trust Company, N.A., as trustee (the "**Senior Trustee**") under the Master Trust Indenture, dated as of November 1, 2005, as amended, by and between the Airport Authority and the Senior Trustee, and the Fifth Supplemental Trust Indenture, to be dated as of October 1, 2023, by and between the Airport Authority and the Senior Trustee.

17. The Dealer Manager. References in this Invitation to the Dealer Manager are to Jefferies LLC only in its capacity as the Dealer Manager.

The Dealer Manager may contact Bondowners regarding this Invitation and may request brokers, dealers, custodian banks, depositories trust companies and other nominees to forward this Invitation to beneficial owners of the Series 2021C Target Bonds.

The Airport Authority will pay to the Dealer Manager customary fees for their services in connection with this Invitation. In addition, the Airport Authority will pay the Dealer Manager their reasonable out-of-pocket costs and expenses relating to this Invitation.

The Dealer Manager, including its affiliates, is a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Dealer Manager and its affiliates have, from time to time, performed, and may in the future perform, a variety of these services for the Airport Authority, for which it received and or will receive customary fees and expenses. In the ordinary course of its various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities of the Dealer Manager and/or their affiliates may involve securities and instruments of the Airport Authority, including but not limited to Series 2021C Target Bonds which may be tendered for purchase pursuant to this Invitation.

In addition to their role as Dealer Manager in connection with this Invitation, the Dealer Manager is currently expected to act as the bookrunning senior underwriter of the Series [2023A/B] Bonds anticipated to be issued by the Airport Authority as described in the Series 2023 Bonds POS attached as Appendix A and, as such, they will receive compensation in connection with that transaction as well as for acting as Dealer Manager in connection with this Invitation.

18. Information Agent and Tender Agent. The Airport Authority has retained Globic Advisors to serve as Information Agent and Tender Agent in connection with this Invitation. The Airport Authority has agreed to pay the Information Agent and Tender Agent customary fees for its services and to reimburse the Information Agent and Tender Agent for its reasonable out-of-pocket costs and expenses relating to this Invitation.

19. Miscellaneous. This Invitation is not being made to, and offers will not be accepted from or on behalf of, Bondowners in any jurisdiction in which this Invitation or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require this Invitation to be made through a licensed or registered broker or dealer, this Invitation is being made on behalf of the Airport Authority by the Dealer Manager.

No one has been authorized by the Airport Authority, the Dealer Manager or the Information Agent and Tender Agent to recommend to any Bondowners whether to offer Series 2021C Target Bonds for purchase pursuant to this Invitation. No one has been authorized to give any information or to make any representation in connection with this Invitation other than those contained in this Invitation. Any recommendation, information and representations given or made cannot be relied upon as having been authorized by the Airport Authority, the Dealer Manager or the Information Agent and Tender Agent.

None of the Airport Authority, the Dealer Manager or the Information Agent and Tender Agent makes any recommendation that any Bondowner offer and tender or refrain from offering and tendering all or any portion of such Bondowner's Series 2021C Target Bonds for purchase. Bondowners must make these decisions and should consult with their broker, account executive, financial advisor, attorney and/or other appropriate professionals.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By: ___________________________________
Name: _________________________________
Title: _________________________________

APPENDIX A

PRELIMINARY OFFICIAL STATEMENT

Relating to:

San Diego County Regional Airport Authority
Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT)
Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT)

APPENDIX B

FORM OF PRICING NOTICE

SCHEDULE G

DEALER MANAGER AGREEMENT

[Invitation Date]

San Diego County Regional Airport Authority
Third Floor, Commuter Terminal
3225 North Harbor Drive
San Diego, California 92101

Ladies and Gentlemen:

The San Diego County Regional Airport Authority (the "Authority") plans to release an Invitation to Tender Bonds , dated September [•], 2023 (as it may be amended or supplemented, the "Invitation"), the form of which is attached hereto as Annex A, whereby the Authority will offer to beneficial owners (the "holders") of certain of the Authority's outstanding Subordinate Airport Revenue Refunding Bonds, Series 2021C (Federally Taxable) (collectively, the "Target Bonds") to purchase for cash the Target Bonds (the "Tender Offer"), all upon the terms and subject to the conditions set forth in the Invitation. The date upon which the Invitation is commenced by the Authority is herein referred to as the "Launch Date." This dealer manager agreement (this "Agreement") will confirm the understanding among the Authority and Jefferies LLC ("Jefferies") pursuant to which the Authority has retained Jefferies to act as the exclusive dealer manager (the "Dealer Manager"), on the terms and subject to the conditions set forth herein, in connection with the proposed Tender Offer.

The Authority has prepared, approved and furnished or caused to be prepared and furnished to the Dealer Manager a complete and correct copy of the Invitation on or prior to the Launch Date. The Dealer Manager is authorized to use the Invitation delivered on or prior to the date hereof in connection with the Tender Offer in the manner contemplated by the Invitation along with the Preliminary Official Statement, dated September [•], 2023 (the "Preliminary Official Statement"), relating to the hereinafter defined Series 2023 Bonds, and any other information that the Authority has approved for use in connection with the Tender Offer (together with any and all information and documents incorporated by reference therein, collectively, the "Additional Material").

In connection with and as described in the Invitation, the Authority will purchase Target Bonds tendered for purchase and fund expenses incurred in connection with the Tender Offer with a portion of the proceeds of the Authority's Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) and [Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT)] (together, the "Series 2023 Bonds") (such portion of said proceeds, the "Target Purchase Proceeds"). The Series 2023 Bonds are being issued pursuant to the Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Senior Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as trustee (the "Senior Trustee"), and the Fifth Supplemental Trust Indenture, to be dated as of October 1, 2023 (the "Fifth Supplemental Senior Indenture," and collectively with the Master Senior Indenture and all supplements thereto, the "Senior Indenture"), by and between the Authority and the Senior Trustee. The purchase of any Target Bonds tendered for purchase pursuant to the Tender Offer is contingent upon the issuance of the Series 2023 Bond. Terms used herein and not otherwise herein defined shall have the respective meanings given to them in the Invitation, the Preliminary Official Statement or the Senior Indenture, as the case may be. The Authority shall have sole authority for acceptance or rejection of any and all tenders of Target Bonds.

The Dealer Manager is not authorized to accept on the Authority's behalf any offer made in response to the Tender Offer, or otherwise bind the Authority, without the Authority's prior written consent. The date on which Target Bonds are purchased for cash pursuant to the Tender Offer is referred to herein as the "Settlement Date".

SECTION 1. *Engagement*. Subject to the terms and conditions set forth herein:

(a) The Authority hereby retains the Dealer Manager, and subject to the terms and conditions hereof, the Dealer Manager agrees to act, as the exclusive dealer manager to the Authority in connection with the Tender Offer until the Settlement Date or earlier termination of this Agreement pursuant to Section 3 hereof. The Dealer Manager will advise the Authority and its legal and municipal advisors with respect to the terms and timing of the Invitation.

(b) The Authority acknowledges that the Dealer Manager has been retained solely to provide the services set forth in this Agreement. The Authority also acknowledges and agrees that the Dealer Manager shall act as an independent contractor, on an arm's-length basis under this Agreement with duties solely to the Authority and that nothing contained herein or the nature of the Dealer Manager's services hereunder is intended to create or shall be construed as creating an agency or fiduciary relationship between the Dealer Manager (or any of its affiliates) and the Authority (or its security holders, directors, officers, employees or creditors) or any other person. The Authority further acknowledges that (i) the Dealer Manager shall not be deemed to act as a partner, joint venturer or agent of, or a member of a syndicate with, the Authority (except that in any jurisdiction in which the Tender Offer is required to be made by a registered licensed broker or dealer, it shall be deemed made by the Dealer Manager on behalf of the Authority), and the Authority shall not be deemed to act as the agent of the Dealer Manager, and (ii) no securities broker, dealer, bank, trust company or nominee shall be deemed to act as the agent of the Dealer Manager or as the agent of the Authority, and the Dealer Manager shall not be deemed to act as the agent of any securities broker, dealer, bank, trust company or nominee. The Authority acknowledges and agrees that none of the Dealer Manager, its affiliates and their respective officers, directors, employees, agents and controlling persons (each, a "Dealer Manager-Related Person") shall have any liability in tort, contract or otherwise to the Authority for any act or omission on the part of any securities broker, dealer, bank, trust company or nominee or any other person other than the Dealer Manager. The Authority shall have sole responsibility for the acceptance or rejection of any and all tenders of Target Bonds for purchase.

(c) Accordingly, the Authority expressly disclaims any agency or fiduciary relationship with the Dealer Manager hereunder. The Authority understands that the Dealer

Manager and its affiliates are not providing (nor is the Authority relying on the Dealer Manager or its affiliates for) tax, regulatory, legal or accounting advice. The rights and obligations that the Authority may have to Jefferies or its affiliates under any credit or other agreement are separate from the Authority's rights and obligations under this Agreement and will not be affected in any way by this Agreement. The Dealer Manager may, to the extent it deems appropriate, retain the services of any of its affiliates to assist the Dealer Manager in providing its services hereunder and share with any such affiliates any information made available by or on behalf of the Authority. In connection with the Invitation, the Authority has consulted with its municipal, legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

(d) The Authority acknowledges that Jefferies and its affiliates are engaged in a broad range of securities activities and financial services. In the ordinary course of Jefferies' business, Jefferies or its affiliates (i) may at any time hold long or short positions, and may trade or otherwise effect transactions, for Jefferies' account or the accounts of its customers, in debt securities of the Authority including the Target Bonds and (ii) may at any time be providing or arranging financing and other financial services to companies or entities that may be involved in this or a competing transaction.

(e) The Dealer Manager agrees to use its customary reasonable efforts to solicit tenders of Target Bonds for purchase pursuant to the Tender Offer. The Dealer Manager agrees, in accordance with its customary practices and consistent with industry practice for investment banking concerns of national standing and in accordance with the terms of the Tender Offer, to perform those services in connection with the Tender Offer as are customarily performed by dealer managers, as applicable, in connection with similar transactions of a like nature, including, without limitation, communicating generally regarding the Tender Offer with securities brokers, dealers, banks, trust companies and nominees and other holders of Target Bonds, and participating in meetings with, furnishing information to, and assisting the Authority in negotiating with, holders of Target Bonds.

(f) The Authority has selected Globic Advisors to act as the information and tender agent (the "Information and Tender Agent") in connection with the Invitation and the Tender Offer and, as such, to advise the Dealer Manager as to such matters relating to the Invitation as the Dealer Manager may reasonably request. In addition, the Authority hereby authorizes the Dealer Manager to communicate with the Information and Tender Agent with respect to matters relating to the Invitation and the Tender Offer.

(g) The Authority, with the assistance of the Information and Tender Agent, shall deliver or cause to be delivered to (i) the holders of the Target Bonds and (ii) each participant in The Depository Trust Company ("DTC") appearing in the most recently available DTC securities position listing prepared immediately prior to the date of this Agreement as a holder of the Target Bonds and (iii) each non-objecting beneficial owner under the rules promulgated by the Securities and Exchange Commission ("NOBO") appearing in the most recent NOBO list as an owner of Target Bonds (each such registered holder, participant or owner, a "Registered or Beneficial Owner") as soon as practicable, by hand, by overnight courier or electronic means, by another means of expedited delivery copies of the Invitation and any Additional Material. Thereafter, to the extent practicable, until the expiration of the Invitation, the Authority shall use its best efforts to cause copies of such materials to be sent to each person who becomes a holder or beneficial owner of the Target Bonds. In addition, the Authority shall update such information from time to time during the term of this Agreement as reasonably requested by the Dealer Manager and to the extent such information is reasonably available to the Authority within the time constraints specified.

(h) The Authority authorizes the Dealer Manger to use the Invitation and Additional Material in connection with the Tender Offer and for such period of time as any materials are required by law to be delivered in connection therewith. The Dealer Manager shall assist the Authority in disseminating the Invitation and any Additional Material, but the Dealer Manager shall not have any obligation to cause the Invitation or Additional Material to be transmitted generally to the holders of the Target Bonds.

(i) The Authority agrees to advise the Dealer Manager promptly of (i) the occurrence of any event which, in the reasonable judgment of the Authority or its counsel, could cause or require the Authority to withdraw, rescind or modify the Invitation or Additional Material, (ii) the occurrence of any event that would permit the Authority to exercise any right not to purchase Target Bonds tendered pursuant to the Tender Offer, (iii) any proposal or requirement to amend or supplement the Invitation or Additional Material, as applicable, or to make any filing pursuant to any applicable law, regulation or other rule, (iv) the occurrence of any event that would cause any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect, (v) the occurrence of any event described in the second sentence of Section 4(m) hereof, (vi) any material developments in connection with the Tender Offer, including, without limitation, the commencement of any litigation or administrative action concerning or related to the Tender Offer, or (vii) the issuance by any agency of any comment or order or the taking of any other action concerning the Tender Offer (and, if in writing, the Authority will furnish the Dealer Manager with a copy thereof). The Authority will also provide the Dealer Manager with any other information relating to the Tender Offer, the Invitation or Additional Material or this Agreement that the Dealer Manager may from time to time reasonably request. In addition, if any event occurs as a result of which it shall be necessary to amend or supplement the Invitation or any Additional Material in order to correct any untrue statement of a material fact contained therein or omission to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall, promptly upon becoming aware of any such event, advise the Dealer Manager of such event and, as promptly as practicable under the circumstances, prepare and furnish copies of such amendments or supplements of the Invitation or any such Additional Material to the Dealer Manager and the Information and Tender Agent, so that the statements in the Invitation or such Additional Material, as so amended or supplemented, will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Authority agrees to file or cause to be filed with the Electronic Municipal Market Access system ("EMMA") maintained by the Municipal Securities Rulemaking Board the Invitation, any Additional Material and any amendments or supplements of the Invitation or any Additional Material.

(j) Except as otherwise required by law or regulation, the Authority will not use or publish any material in connection with the Invitation, other than the Invitation and any other Additional Material approved in writing by the Dealer Manager, or refer to the Dealer Manager in any such material, without the prior written approval of the Dealer Manager, which in either instance shall not be unreasonably withheld. The Authority, upon receiving such written approval, will promptly furnish the Dealer Manager with as many copies (which may be electronic copies) of such approved materials as the Dealer Manager may reasonably request. The Authority will promptly inform the Dealer Manager of any litigation or administrative or similar proceeding of which it becomes aware which is initiated or threatened with respect to the Tender Offer. The Dealer Manager agrees that it will not make any statements in connection with the Tender Offer other than the statements that are set forth in, or derived from, the Invitation or Additional Material without the prior written consent of the Authority.

(k) To the extent the Authority accepts offers to purchase Target Bonds in the Tender Offer, the Target Purchase Proceeds, the delivery of which is a condition of its purchase of the Target Bonds validly tendered for purchase pursuant to the Tender Offer, will be available, and the Authority is authorized to and will use the Target Purchase Proceeds under applicable law, to pay promptly to the holders entitled thereto the full purchase price of the Target Bonds that it may elect to purchase pursuant to the Tender Offer and all related fees and expenses; provided, however, that the source of payment therefor is solely from the Target Purchase Proceeds. Notwithstanding anything contained herein to the contrary, the Authority shall not be required to purchase any Target Bonds if the Series 2023 Bonds are not issued.

(l) The Authority agrees not to purchase any Target Bonds during the term of this Agreement, except pursuant to and in accordance with the Invitation or as otherwise agreed in writing by the parties hereto and permitted under applicable laws and regulations, and the Authority agrees to cancel the Target Bonds it purchases pursuant to the Tender Offer or to cause such Bonds to be cancelled.

SECTION 2. *Compensation and Expenses*.

(a) The Authority shall pay to the Dealer Manager, as compensation for the Dealer Manager's services hereunder, a fee of $[___] for each $1,000 principal amount of Target Bonds purchased pursuant to the Tender Offer. Such fee shall be payable concurrently with the payment for Bonds under the Tender Offer.

(b) Whether or not any Target Bonds are tendered for purchase pursuant to the Tender Offer, the Authority shall pay all reasonable expenses incurred in connection with the Tender Offer, including, without limitation, all fees and expenses relating to preparation, printing, mailing, and publishing of the Invitation and Additional Material and of any forwarding agent, and all fees and expenses of DTC, the Subordinate Trustee, and the Information and Tender Agent, and shall reimburse the Dealer Manager for all reasonable expenses incurred by the Dealer Manager in connection with its services as Dealer Manager under this Agreement, namely the reasonable fees and disbursements of counsel to the Dealer Manager.

SECTION 3. *Termination; Withdrawal*.

(a) Subject to Section 7 hereof, this Agreement shall terminate upon the earliest to occur of (i) the termination, withdrawal or cancellation of the Tender Offer, (ii) the close of business on the Settlement Date, (iii) the withdrawal by Jefferies as the Dealer Manager pursuant to Section 4(m)(A) hereof, (iv) the time and date on which this Agreement shall be terminated by mutual consent of the parties hereto, and (v) the date that is six months after the date of this Agreement.

(b) Subject to Section 7 hereof, this Agreement may be terminated by the Authority, at any time upon notice to the Dealer Manager, if (i) at any time prior to the Settlement Date, the Tender Offer is terminated or withdrawn by the Authority for any reason, or (ii) the Dealer Manager does not comply in any material respect with any of its obligations hereunder in the reasonable opinion of the Authority.

(c) Subject to Section 7 hereof, this Agreement shall be subject to termination in the absolute discretion of the Dealer Manager without any liability or penalty to the Dealer Manager and to each Dealer-Manager Related Person, and without loss of any right to reimbursement for its expenses, fees and costs pursuant to Section 2 hereof, at any time upon notice to the Authority, if (i) prior to the Settlement Date, (A) the Tender Offer is terminated or withdrawn by the Authority for any reason other than as provided in Section 3(b)(ii) above, or (B) any stop order, restraining order, injunction or denial of an application for approval has been issued and not thereafter stayed or vacated, or (C) any proceeding, litigation or investigation has been initiated, with respect to or otherwise affecting the Invitation or any other action or transaction contemplated by the Invitation or this Agreement, which the Dealer Manager reasonably believes renders it inadvisable for it to continue to act hereunder, (ii) the Authority shall have breached in any material respect any representation, warranty or covenant contained herein (including, but not limited to, the conditions set forth in Section 4 hereof), or (iii) the Authority shall publish, send or otherwise distribute any amendment or supplement to the Invitation or any Additional Material to which the Dealer Manager shall reasonably object in writing to the Authority.

(d) If (i) the Authority uses or permits the use of any such solicitation material in connection with the Tender Offer or files any such solicitation material with any such federal, state or local governmental or regulatory agency or authority without the prior approval of the Dealer Manager, (ii) the Authority withdraws, terminates or cancels the Tender Offer for a reason other than in accordance with Section 3(b)(ii) hereof, or (iii) at any time the Dealer Manager shall determine that any condition set forth in Section 5 shall not be satisfied, then the Dealer Manager (A) shall have a reasonable period of time after discovering or being informed of such event to elect whether to continue to act as Dealer Manager or to withdraw as Dealer Manager, as the case may be, in connection with the Tender Offer, and (B) shall be entitled promptly to receive the payment of all expenses payable to it under this Agreement, which expenses have accrued to the date of such withdrawal.

(e) Except for a termination pursuant to Section 3(b)(ii) hereof, if this Agreement is terminated, the Authority will reimburse the Dealer Manager for its expenses, fees and costs pursuant to Section 2 hereof through the date of such termination promptly after such date. No termination of this Agreement, except a termination pursuant to Section 3(b)(ii) hereof, shall be deemed to terminate any of the rights or obligations of the Dealer Manager or the Authority previously accrued hereunder.

SECTION 4. *Representations and Warranties by the Authority*. The Authority represents and warrants to the Dealer Manager, as of the date hereof, as of each date that the Invitation or any Additional Material is published, sent, given or otherwise distributed, throughout the continuance of the Invitation, and as of the Settlement Date that:

(a) The Authority is a local governmental entity of regional government with jurisdiction extending throughout the County of San Diego, organized and existing pursuant to the provisions of Section 170000 et seq. of the California Public Utilities Code and the Constitution of the State of California (the "State").

(b) The Authority has full legal right, power and authority to execute and deliver this Agreement, and to perform all its obligations hereunder and to make and consummate the Invitation in accordance with its terms.

(c) The Authority has taken all necessary official action to authorize the making and consummation of the Tender Offer (including authorizing any provisions for the payment from the Target Purchase Proceeds by the Authority for Target Bonds tendered for purchase and for the issuance and delivery by the Authority of the Series 2023 Bonds) and the execution, delivery, and performance by the Authority of this Agreement; and this Agreement has been duly executed and delivered by the Authority and, assuming due authorization, execution and delivery by the Dealer Manager, this Agreement constitutes a legal, valid and binding contractual obligation of the Authority, enforceable against the Authority in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws relating to or affecting the creditors' rights generally, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against entities such as the Authority in the State.

(d) The Invitation and the Additional Material comply and (as amended or supplemented, if amended or supplemented) will comply in all material respects with all applicable requirements of the federal securities laws; and the Invitation and the Additional Material do not and (as amended or supplemented, if amended or supplemented) will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(e) Except as otherwise disclosed in the Invitation and the Additional Material (exclusive of any amendment or supplement thereto), subsequent to the respective dates as of which information is given in the Invitation and the Additional Material (exclusive of any amendment or supplement thereto): (i) there has been no material adverse change, or any development that could reasonably be expected to result in a material adverse change, in the condition, financial or otherwise, or in the earnings, management, business, operations or prospects, whether or not arising from transactions in the ordinary course of business, of the Authority in the reasonable opinion of the Dealer Manager (any such change is called a "Material Adverse Change"); and (ii) except as described in the Additional Material, the Authority has not incurred any material liability or obligation, indirect, direct or contingent, nor entered into any material transaction or agreement other than the issuance of the Series 2023 Bonds.

(f) The making and consummation of the Tender Offer (including any provisions for the payment by the Authority from the Target Purchase Proceeds for Target Bonds tendered for purchase or for the issuance and delivery by the Authority of the Series 2023 Bonds), the execution, delivery and performance by the Authority of this Agreement and the consummation of the transactions contemplated hereby do not and will not conflict with or constitute on the part of the Authority a breach of or default under any material agreement or other instrument to which the Authority is a party, or any existing law, ordinance, administrative regulation, court order or consent decree to which the Authority is subject.

(g) To the knowledge of the Authority (except as otherwise disclosed in the Invitation or Additional Material), no litigation or other proceeding before or by any court, agency or other administrative body, state or federal, is pending or threatened against the Authority, or that has as the subject thereof any property owned or leased by, the Authority and any such action, suit or proceeding, that if determined adversely to the Authority, would result in a Material Adverse Change or adversely affect the making or consummation of the Tender Offer, the acquisition or cancellation of Target Bonds or the other transactions contemplated by the Invitation or Additional Material.

(h) No consent, approval, authorization or order of, or registration, qualification or filing with, any court or regulatory agency or other governmental agency or instrumentality is required in connection with the making and consummation of the Invitation (including any provisions for the payment by the Authority for Target Bonds tendered for purchase or for the issuance and delivery by the Authority of the Series 2023 Bonds), the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby.

(i) Subject to the successful sale and issuance of the Series 2023 Bonds, the Authority will have available funds, and is authorized to use such funds under applicable law, to pay the full purchase price of the Target Bonds tendered for purchase that it may become committed to purchase pursuant to the Tender Offer and all related fees and expenses; and the Series 2023 Bonds when issued, authenticated and delivered will be valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the Senior Indenture.

(j) The representations and warranties of the Authority solely with respect to the Series 2023 Bonds set forth in any Purchase Contract (the "Purchase Contact") to be executed by the Authority with the underwriters of the Series 2023 Bonds (the "Underwriters") and all certificates and opinions of the Authority delivered thereunder for the benefit of the Underwriters are hereby incorporated into this Agreement and also made to and for the benefit of the Dealer Manager solely with respect to the Series 2023 Bonds.

(k) The Authority will perform the agreements and obligations it has that are set forth in or contemplated by the Invitation and Additional Material, including, but not limited to, accepting for payment Target Bonds that have been validly tendered and not withdrawn in accordance with and subject to the terms and conditions of the Tender Offer; provided, however, that the Authority may modify or cancel the Tender Offer at any time pursuant to the Invitation and Additional Material.

(l) The Authority hereby acknowledges that, in performing the services contemplated by this Agreement, the Dealer Manager will be relying on the information furnished by the Authority, its officers, attorneys and other agents and information available from generally recognized public sources without independent verification.

(m) The Authority represents and agrees that no solicitation material in addition to the Invitation and Additional Material will be used in connection with the Tender Offer or filed with any federal, state or local governmental or regulatory agency or authority by or on behalf of the Authority without the prior approval of the Dealer Manager, which approval shall not be unreasonably withheld or delayed.

(n) The Authority will cause the Information Agent, on behalf of the Authority and the Dealer Manager, to make appropriate arrangements with DTC to allow for the book-entry movement of tendered Target Bonds among Holders or Registered Owners that choose to tender Target Bonds, the Authority and DTC.

(o) The representations and warranties set forth in this Section 4 shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Dealer Manager-Related Person or (ii) any termination, expiration or cancellation of this Agreement.

SECTION 5. *Conditions and Obligations*. The obligation of the Dealer Manager to act as a Dealer Manager hereunder shall at all times be subject, in its discretion, to the following conditions and obligations:

(a) No event shall occur or any circumstance shall exist that causes the representations and warranties of the Authority contained herein or in any certificate or writing delivered hereunder at all times during the Tender Offer and at all times at or prior to the Settlement Date, not to be true and correct.

(b) The Authority at all times during the Tender Offer and at all times at or prior to the Settlement Date shall have performed all of its obligations hereunder required as of such time to have been performed by it.

(c) At or prior to the Launch Date, Kutak Rock LLP, bond counsel to the Authority, shall furnish the Dealer Manager with the opinion to the effect that this Agreement has been duly executed and delivered by the Authority and, assuming the due authorization, execution and delivery by the Dealer Manager, constitutes the binding and enforceable agreement of the Authority.

(d) At or prior to the Launch Date, Squire Patton Boggs (US) LLP, counsel to the Dealer Manager, shall furnish the Dealer Manager with the opinion letter substantially to the effect that the Invitation, and the actions of the Authority in connection with the Tender Offer as specifically set forth in the Invitation and Additional Material, are exempt from the provisions of Section 14(d) of the 1934 Act, Regulation 14D and 14E of the Securities and Exchange Commission and the related rules promulgated thereunder and otherwise substantially in the form attached as Exhibit A hereto.

(e) At or prior to the Launch Date, Kutak Rock LLP, disclosure counsel to the Authority, shall furnish the letters in substantially the form attached as Exhibit B hereto.

(f) At the Settlement Date, there shall have been delivered to the Dealer Manager, on behalf of the Authority, a certificate of the Authority, signed by an Authorized Representative, dated the Settlement Date, and stating that the representations and warranties set forth in Section 4 hereof are true and correct as if made on such Settlement Date.

(g) The Authority shall have advised the Dealer Manager promptly of (i) the occurrence of any event (other than one expressly contemplated by the terms of the Invitation) that could cause the Authority to withdraw, rescind or terminate the Invitation or would permit the Authority to exercise any right not to purchase Target Bonds tendered under the Invitation, (ii) the occurrence of any event, or the discovery of any fact, the occurrence or existence of which it believes would make it necessary or advisable to make any change in the Invitation or Additional Material being used or would cause any representation or warranty contained in this Agreement to be untrue or inaccurate, (iii) any proposal by the Authority or requirement to make, amend or supplement the Invitation or any Additional Material pursuant to any applicable law, rule or regulation, (iv) its awareness of the issuance by any regulatory authority of any comment or order or the taking of any other action concerning the Invitation (and, if in writing, will have furnished the Dealer Manager with a copy thereof), (v) its awareness of any material developments in connection with the Invitation or the financing thereof, including, without limitation, the commencement of any lawsuit relating to the Invitation, and (vi) any other information relating to the Invitation, the Additional Material or this Agreement which the Dealer Manager may from time to time reasonably request.

SECTION 6. *No Dealer Manager Duties and Obligations Beyond Those Set Forth Herein*. It is expressly understood and agreed that the Dealer Manager's duties and obligations in connection with this Agreement are limited to those expressly set forth herein, and no additional covenants or obligations shall be read into this Agreement against the Dealer Manager.

SECTION 7. *Survival*. This Section 7 and Sections 2, 6, 8 and 10 hereof and the representations and warranties of the Authority set forth in Section 4 hereof shall survive any failure by the Authority to commence the Tender Offer, any termination, except a termination pursuant to Section 3(b)(ii) hereof, expiration or cancellation of this Agreement, any completion of the engagement provided for by this Agreement or any investigation made on behalf of the Authority, the Dealer Manager or any Dealer Manager-Related Person and shall survive the acquisition of Target Bonds pursuant to the Tender Offer or the termination of the Tender Offer.

SECTION 8. *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

SECTION 9. *Notices*. Except as otherwise expressly provided in this Agreement, all notices, demands and formal actions hereunder will be in writing, mailed, forwarded by nationally recognized overnight carrier, electronically transmitted, or in some commercially accepted manner delivered to:

If to the Authority: San Diego County Regional Airport Authority
Third Floor, Commuter Terminal
3225 North Harbor Drive
San Diego, California 92101
Attention: Chief Financial Officer/Treasurer
Telephone: 619 400-2838
sbrickne@san.org

With a copy to: San Diego County Regional Airport Authority
Third Floor, Commuter Terminal
3225 North Harbor Drive
San Diego, California 92101
General Counsel
Telephone: 619 400-2425
agonzale@san.org

If to the Dealer Manager: Jefferies LLC
Stephanie Tomblin
Managing Director, Head of Municipal Transportation
520 Madison Avenue, 6th Floor
New York, NY 10022
Telephone: 929-595-5697
stomblin@jefferies.com

or to such other address specified in a notice delivered in accordance with this Section 9.

SECTION 10. *Miscellaneous*.

(a) This Agreement embodies the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements and understandings related to such subject matter, and it is agreed that there are no terms, understandings, representations or warranties, express or implied, other than those set forth herein.

(b) This Agreement will inure to the benefit of and be binding upon the parties and their successors (including any successors or assigns of the Dealer Manager), and will not confer any rights upon any other person. No member of the board of directors of the Authority or any other employee of the Authority shall incur any personal liability for approving or executing this Agreement, taking any action or omitting to take any action required or permitted hereunder or otherwise by reason of or in connection with this Agreement, the Series 2023 Bonds, the Invitation, the Additional Material or any of the transactions or other matters contemplated by any of the foregoing.

(c) The Dealer Manager may share any information or matters relating to the Authority, the Invitation and the transactions contemplated hereby with its affiliates, and such affiliates may likewise share information relating to the Authority with the Dealer Manager.

(d) All representations, warranties, covenants and agreements by the Authority and the Dealer Manager in this Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Dealer Manager and shall survive the tender and corresponding purchase of the Target Bonds.

(e) If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable or against public policy, the remainder of the terms, provisions, covenants, and restrictions contained herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated. The Authority and the Dealer Manager shall endeavor in good faith negotiations to replace the invalid, void or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, void or unenforceable provisions.

(f) Frasca & Associates, LLC, an independent registered municipal advisor (as defined in SEC Rule 15Ba1-1(d)(3)(vi)), has been engaged to advise the Authority in connection with the issuance of the Series 2023 Bonds and the Tender Offer. The Authority acknowledges that in connection with the provision of the services under this Agreement, the Dealer Manager has informed the Authority that it is relying on the exemption provided under SEC Rule 15Ba1-1(d)(3)(vi) for the participation by an independent registered municipal advisor. The Dealer Manager is not acting as a Municipal Advisor (as defined in Section 15B of the 1934 Act) and shall have no fiduciary duty to the Authority in connection with the issuance of the Series 2023 Bonds or the Tender Offer. The Authority has consulted with its municipal and other advisors to the extent it deems appropriate in connection with the issuance of the Series 2023 Bonds and the Tender Offer.

(g) In connection with the transactions contemplated hereby and the process leading to such transactions, the Dealer Manager is and has been acting solely as a principal and is not the municipal advisor, financial advisor, agent or fiduciary of the Authority or any of the Authority's affiliates, directors, officers, employees, creditors or any other person (irrespective of whether Jefferies has provided other services or is currently providing other services to any of them on other matters). The Authority expressly disclaims any agency or fiduciary relationship with the Dealer Manager hereunder. The Authority understands that neither the Dealer Manager nor the Dealer Manager-Related Parties is a municipal advisor and neither is providing (nor is the Authority relying on the Dealer Manager or its affiliates for) tax, regulatory, legal or accounting advice. The Authority acknowledges that it has consulted with its financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate. The rights and obligations that the Authority may have to Jefferies or its affiliates, under any credit or other agreement, are separate from the Authority's rights and obligations under this Agreement and will not be affected in any way by this Agreement. The Dealer Manager may, to the extent it deems appropriate, retain the services of any of its affiliates to assist the Dealer Manager, as applicable, in providing its services hereunder and share with any such affiliates any information made available by or on behalf of the Authority.

(h) One or more of affiliates of the Dealer Manager may own or hold the Target Bonds for its own account or the account of its customers. The Dealer Manager has not engaged any affiliates in any manner related to the Tender Offer. To the extent they hold any of the Target Bonds, these affiliates would be engaged like any other investor or holder of the Target Bonds.

(i) This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which, taken together, will constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile or email transmission shall be as effective as delivery of a manually signed counterpart hereof.

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

If the foregoing correctly sets forth our understanding, please indicate your acceptance of the terms hereof signing in the appropriate space below and returning to the Dealer Manager the enclosed duplicate originals hereof, whereupon this letter shall be come a binding agreement between us.

Very truly yours,

JEFFERIES LLC, as Dealer Manager

By: ______________________________________
Authorized Representative

Accepted and agreed to as
of the date first written above:

SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY

By: ________________________________
Scott Brickner
Vice President, Chief Financial
Officer

Approved as to Form:

By: ________________________________
Amy Gonzalez
General Counsel

ANNEX A

[FORM OF INVITATION TO TENDER BONDS]

[FORM OF OPINION OF COUNSEL TO THE DEALER MANAGER]

[Invitation Date]

Jefferies LLC,
as Dealer Manager under
the Agreement referred to below
New York, New York

Ladies and Gentlemen:

We have acted as your counsel in your capacity as dealer manager (in such capacity, the "Dealer Manager") under that certain Dealer Manager Agreement, dated [Invitation Date] (the "Agreement"), between the San Diego County Regional Airport Authority (the "Authority") and the Dealer Manager, and in connection the Authority inviting offers to tender for some or all of the Authority's outstanding [Name of Tendered Bonds], pursuant to the Invitation (hereinafter mentioned), the Authority determining which tendered Bonds will be purchased, and the process of consummating the purchase of such tendered Bonds (the "Tender Offer"). Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Agreement.

In rendering this opinion, we have examined originals or copies certified or otherwise identified to our satisfaction of: (i) the Senior Indenture; (ii) the Invitation; (iii) the Agreement; (iv) a copy of the Preliminary Official Statement of the Authority, dated [Invitation Date], relating to the Series 2023 Bonds (the "Preliminary Official Statement"); (v) the opinion letter of Kutak Rock LLP, as transaction counsel to the Authority ("Transaction Counsel"), dated the date hereof; (vi) a letter from Kutak Rock LLP, as disclosure counsel to the Authority ("Disclosure Counsel"), dated the date hereof, and (vii) such other documents, certificates, instructions and records as we have considered necessary or appropriate as a basis for our opinion.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that the Invitation and the actions of the Authority in connection with the Tender Offer, as specifically set forth in the Invitation and Additional Material, are exempt from the provisions of Section 14(d) of the 1934 Act, Regulation 14D and 14E of the Securities and Exchange Commission and the related rules promulgated thereunder.

Although we have not undertaken to check the accuracy, completeness or fairness of, or verified the information contained in, the Preliminary Official Statement and are therefore unable to make any representation to you in that regard, we have participated in conferences and other communications prior to the date of the Preliminary Official Statement with your representatives and representatives of the Authority, its General Counsel, the Authority's Municipal Advisors, Transaction Counsel, Disclosure Counsel and others, during which conferences and other communications the contents of the Preliminary Official Statement and related matters were discussed. Based upon the information made available to us in the course of our participation in such conferences and other communications, our review of the documents referred to above, our reliance on the certificates described above and our understanding of applicable law, we advise you as a matter of fact and not opinion that no facts came to the attention of the attorneys in our firm rendering legal services in connection with the preparation of the Invitation and the Preliminary Official Statement which cause us to believe that the Invitation, including the Preliminary Official Statement, as of its date contained any untrue statement of a material fact, or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that we express no view with respect to any financial, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, CUSIP numbers, DTC and its system and procedures, information in the Preliminary Official Statement under the headings [_____________] or information regarding the tax-exempt status of the Series 2023 Bonds, and the Appendices thereto). No responsibility is undertaken or opinion rendered with respect to any other disclosure document, materials or activity.

This opinion is being rendered to you solely for your benefit in connection with your role as Dealer Manager in connection with the Tender Offer described herein and is not to be used, circulated, quoted or otherwise referred to for any other purpose without our prior written consent. No attorney-client relationship has existed or exists between our firm and the Authority by virtue of this letter. This opinion is limited to matters governed by the laws of the State of California and federal securities laws, and we assume no responsibility with respect to the applicability of the effect of the laws of any other jurisdiction.

We have not undertaken any duty, and expressly disclaim any responsibility, to advise you as to events occurring after the date hereof with respect to the Invitation, the Preliminary Official Statement, or other matters discussed in the Preliminary Official Statement.

Respectfully submitted,

Exhibit B

[FORM OF NEGATIVE ASSURANCE LETTER OF DISCLOSURE COUNSEL]

[Invitation Date]

San Diego County Regional Airport Authority
San Diego, California

Jefferies LLC, as Dealer Manager
New York, New York

Re: San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT)

San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT)

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the San Diego County Regional Airport Authority (the "Authority") in connection with the proposed issuance and sale by the Authority of (a) its San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the "Senior Series 2023A Bonds"), and (b) its San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the "Senior Series 2023B Bonds," and together with the Senior Series 2023A Bonds, the "Senior Series 2023 Bonds"). The Senior Series 2023 Bonds will be issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the "Act"); the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the California Government Code), excluding Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and the limitations set forth in subdivision (b) of Section 54402 of the California Government Code, which will not apply to the issuance and sale of bonds pursuant to the Act (collectively, the "Revenue Bond Law"); the Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Senior Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as trustee (the "Senior Trustee"); and the Fifth Supplemental Trust Indenture, to be dated as of October 1, 2023 (the "Fifth Supplemental Senior Indenture," and collectively with the Master Senior Indenture and all supplements thereto, the "Senior Indenture"), by and between the Airport Authority and the Senior Trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Senior Indenture and the hereinafter defined Preliminary Official Statement.

In our capacity as Disclosure Counsel, we participated with you and other parties in the preparation of the Preliminary Official Statement dated September [•], 2023 relating to the Senior Series 2023 Bonds (the "Preliminary Official Statement"). In the course of such participation, we generally reviewed information furnished to us by, and participated in conferences with representatives of the Authority; the General Counsel of the Authority; Frasca & Associates, LLC, municipal advisor to the Authority; Unison Consulting, Inc., the feasibility consultant; Jefferies LLC, Samuel A. Ramirez & Co., Inc., Academy Securities, Inc., BofA Securities, Inc., Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC, and Stern Brothers & Co., the underwriters of the Senior Series 2023 Bonds (the "Underwriters"); and Squire Patton Boggs (US) LLP, as counsel to the Underwriters of the Senior Series 2023 Bonds. We also have reviewed certain other documents and records relating to the authorization, issuance, delivery and sale of the Senior Series 2023 Bonds and certain other files, records and documents of the Authority. We are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements.

Based solely on the foregoing, we advise you that although we have made no independent investigation or verification of the accuracy, correctness, fairness or completeness of, and do not pass upon or assume any responsibility for, the statements included in the Preliminary Official Statement during the course of the activities described in the preceding paragraph, nothing has come to the attention of the attorneys in our firm rendering legal services to the Authority in connection with the preparation of the Preliminary Official Statement which leads us to believe that the Preliminary Official Statement, as of the date hereof, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. We express no belief or opinion as to Appendices A, B or G to the Preliminary Official Statement or as to any CUSIP numbers, financial, technical, statistical, economic, engineering, demographic or tabular data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion included in the Preliminary Official Statement, any information in the Preliminary Official Statement under the captions "FINANCIAL FEASIBILITY REPORT" and "UNDERWRITING," any information in the Preliminary Official Statement about the book-entry system, Cede & Co. or DTC, or any permitted omissions in accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

The scope of our engagement has not and does not extend beyond the examinations and the rendering of the conclusions expressed herein. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in current laws, by legislative or regulatory action, by judicial decision or for any other reason. The conclusions set forth in this letter are based solely upon existing laws, regulations, rulings and judicial decisions. No person (including, but in no way by limitation, the registered and beneficial owners of the Senior Series 2023 Bonds or the Subordinate Series 2021C Bonds) other than the addressees set forth above may rely upon this letter without our express prior written consent. This letter may not be utilized by the addressees for any other purpose whatsoever and may not be quoted by the addressees without our express prior written consent. No attorney-client relationship has existed or exists between our firm and Jefferies LLC in connection with the Senior Series 2023 Bonds or by virtue of this letter.

Very truly yours,