San Diego County Regional Airport Authority

POLICIES

SAN DIEGO INTERNATIONAL AIRPORT

LET'S GO.

TABLE OF CONTENTS
FOR
POLICIES

ARTICLE 1 ADMINISTRATION AND GOVERNANCE	
[Addresses the composition, powers and functions of the Authority's Board of Directors and officers.]	
Section No.	**Title**
	Part 1.0 - Board Powers and Functions
1.01	Adoption of Policies and Codes
1.02	Powers and Functions of the Board of Directors
	Part 1.1 - Appointment, Election and Removal of Board Members
1.10	Appointment, Term, Succession and Compensation of the Board Of Directors
	Part 1.2 - Board Committees
1.20	Formation of Board Committees
1.21	Authority Advisory Committee
	Part 1.3 - Board Meetings
1.30	Meetings, Agendas and Voting of the Board of Directors
1.31	Public Hearings
1.32	Public Notice Regarding Agenda Matters
1.33	Public Participation in Meetings of the Board of Directors
	Part 1.4 - Authority Positions
1.40	Powers and Functions of the President/Chief Executive Officer
1.41	Powers and Functions of the General Counsel
	Part 1.5 – Governance
1.50	Governance and Committees
	Part 1.6 – Legislative Advocacy Program
1.60	Legislative Advocacy Program
	[Reserved (1.70-1.99)]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 - ADMINISTRATION AND GOVERNANCE
PART 1.0 - BOARD POWERS AND FUNCTIONS
SECTION 1.01 - ADOPTION OF POLICIES AND CODES

PURPOSE: To establish a policy for the adoption of the policies and codes of the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) The Authority's Board of Directors (the "**Board**") has determined that the adoption of the Authority's policies and codes is critical for the safe, efficient and orderly operations of the facilities and airports under the Authority's jurisdiction and is necessary to comply with the provisions of the Public Utility Code §170014(h).

(2) Accordingly, the Board shall adopt and approve:

(a) *Policies* that, among other things, address the Authority's internal operations and governance; and

(b) *Codes* that, among other things, govern and regulate the conduct of persons, organizations and other third parties that use the facilities and airports under the Authority's jurisdiction, including the San Diego International Airport.

(3) These policies and codes shall address, among other things, the following matters:

- Administration and governance;
- Ethics and conflicts of interest;
- Personnel;
- Finance and accounting;
- Purchasing, contracting and debarment;
- Facilities and airports and tenant management;
- Safety and security; and
- Operation, use and maintenance of the facilities and airports under the Authority's jurisdiction, including the San Diego International Airport.

(4) The Executive Director or his or her designee may develop guidelines and procedures for the appropriate dissemination and distribution of the policies and codes. Copies of the policies and codes will be distributed and disseminated to the Board and key members of the Authority's staff. A copy of the policies and codes will be maintained in the office of the Authority's Clerk.

(5) The Board periodically shall review the policies and codes for consistency with the Authority's operations and applicable federal, state and local laws. The policies and codes adopted and approved by the Board shall comply with and be subject to, all applicable federal, state and local laws. In the event of any inconsistency between the policies and codes and applicable federal, state and local laws, such laws shall govern.

[Amended by Resolution No. 2008-0029 dated March 6, 2008.]
[Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 - ADMINISTRATION AND GOVERNANCE
PART 1.0 - BOARD POWERS AND FUNCTIONS
SECTION 1.02 - POWERS AND FUNCTIONS OF THE BOARD OF DIRECTORS

PURPOSE: To establish a policy describing the powers and functions of the Board of Directors (the "**Board**") of the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) The Board shall exercise its vested powers to govern the Authority in accordance with the San Diego County Regional Airport Authority Act (Act), §170000 *et seq.* of the California Public Utilities Code, as amended from time to time.

(2) The Board shall make reasonable efforts to keep the public informed of the Authority's operations.

(3) The Board shall conduct its business as a body, at meetings duly called in accordance with the policies adopted and approved by the Board.

(4) The Board shall establish and implement policies for the operation of the Authority which shall then be the responsibility of the Authority's President/Chief Executive Officer to enforce and carry out. [Cal. Pub. Util. Code §170013(b)]

(5) All members of the Board shall exercise their independent judgment on behalf of the interests of the Airport Authority and the residents, property owners, and the public within San Diego County as a whole in furthering the purposes and intent of the Act. The members of the Board shall represent the interests of the public as a whole and not solely the interests of the local officials who appointed them to the Board. [Cal. Pub. Util. Code §170013(c)]

(6) The Board may adopt rules and regulations for the administration, maintenance, operation and use of the Authority's facilities and services. [Cal. Pub. Util. Code §170016(a)]

[Amended by Resolution No. 2008-0029 dated March 6, 2008.]
[Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 - ADMINISTRATION AND GOVERNANCE
PART 1.1 - APPOINTMENT, ELECTION AND REMOVAL OF BOARD MEMBERS
SECTION 1.10 - APPOINTMENT, TERM, SUCCESSION AND COMPENSATION OF THE BOARD OF DIRECTORS`

PURPOSE: To establish a policy for the appointment, term, succession and compensation of the Board of Directors ("**Board**") of the San Diego County Regional Airport Authority ("**Authority**").

POLICY STATEMENT:

(1) Board of Directors. The San Diego County Regional Airport Authority Act, §170000 *et seq.* of the California Public Utilities Code ("P.U.C."), as amended from time to time ("**Act**"), provides that the Authority shall have a board of directors.

(2) Establishment of the Board. The Board shall consist of nine voting members, appointed as follows:

(a) Representatives of the City of San Diego

The Mayor of the City of San Diego shall appoint three persons, two of whom shall be subject to confirmation by the City Council of the City of San Diego. The persons appointed pursuant to this paragraph shall be residents of the City of San Diego and not less than one shall be an elected official of the City of San Diego. For purposes of this subdivision, an "elected official of the City of San Diego" means the Mayor or a member of the City Council of the City of San Diego.

(b) Representatives of the County of San Diego:

The Chair of the Board of Supervisors of the County of San Diego shall appoint two persons, subject to confirmation by the Board of Supervisors of the County of San Diego. The persons appointed pursuant to this paragraph shall be residents of the County of San Diego and not less than one shall be a member of the Board of Supervisors of the County of San Diego.

(c) A representative of the north county coastal cities:

(i) At a public meeting, the mayors of the north county coastal cities shall appoint one person pursuant to a majority vote of the mayors of the north county coastal cities. The person appointed pursuant to this paragraph shall be a member of a city council of one of the north county cities or another resident of the north county coastal cities.

(ii) As used in this paragraph, the "**north county coastal cities**" shall mean the Cities of Carlsbad, Del Mar, Encinitas, Oceanside, and Solana Beach.

(d) A representative of the north county inland cities:

(i) At a public meeting, the mayors of the north county inland cities shall appoint one person pursuant to a majority vote of the mayors of the north county inland cities. The person appointed pursuant to this paragraph shall be a member of a city council of one of the north county inland cities or another resident of the north county inland cities.

(ii) As used in this paragraph, the "**north county inland cities**" shall mean the Cities of Escondido, Poway, San Marcos and Vista.

(e) A representative of the south county cities:

(i) At a public meeting, the mayors of the south county cities shall appoint one person pursuant to a majority vote of the mayors of the south county cities. The person appointed pursuant to this paragraph shall be a member of a city council of one of the south county cities or another resident of the south county cities.

(ii) As used in this paragraph, the "**south county cities**" shall mean the Cities of Chula Vista, Coronado, Imperial Beach and National City.

(f) A representative of the east county cities:

(i) At a public meeting, the mayors of the east county cities shall appoint one person pursuant to a majority vote of the mayors of the east county cities. The person appointed pursuant to this paragraph shall be a member of a city council of one of the east county cities or another resident of the east county cities.

(ii) As used in this paragraph, the "**east county cities**" shall mean the Cities of El Cajon, LaMesa, Lemon Grove, and Santee.

(g) Public meetings of the mayors of the north county coastal cities, the north county inland cities, the south county cities, and the east county cities are subject to the Ralph M. Brown Act (Chapter 9 (commencing with §54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(h) The following persons shall be non-voting, non-compensated, *ex officio* members of the Board, appointed by the Governor:

(i) The District Director of the Department of Transportation for the San Diego region.

(ii) The Department of Finance representative on the State Lands Commission.

(i) The Board may appoint additional non-voting, non-compensated members to the Board. Each Board-approved non-voting, non-compensated member may appoint an alternate to serve in his or her place. [P.U.C. §170010(c)]

(j) Non-voting, non-compensated Board members may serve on committees formed by the Board, but shall not attend closed sessions of the Board held pursuant to the Ralph M. Brown Act, nor be counted for purposes of calculating a quorum for a meeting of the Board.

(3) Terms.

(a) Board members are divided into three appointment groups. The terms of the Board members within each appointment group begin at 12:01 a.m. on February 1 in the year listed and every three years thereafter.

Group I – 2009 Group II – 2010 Group III - 2011

	BOARD MEMBER	APPOINTMENT GROUP*
CITY OF SAN DIEGO	An appointee of the Mayor of the City of San Diego, who is a resident of the City and may be an elected official of the City.*	Group I
	An appointee of the Mayor of the City of San Diego, confirmed by the City Council of the City of San Diego, who is a resident of the City and may be an elected official of the City.*	Group III
	An appointee of the Mayor of the City of San Diego, confirmed by the City Council of the City of San Diego, who is a resident of the City and may be an elected official of the City.*	Group II
SAN DIEGO COUNTY	An appointee of the Chair of the San Diego County Board of Supervisors, confirmed by the Board of Supervisors, who is a resident of the County and may be a County Supervisor.**	Group III***
	An appointee of the Chair of the San Diego County Board of Supervisors, confirmed by the Board of Supervisors, who is a resident of the County and may be a County Supervisor.**	Group II

AREA CITIES	An appointee of the mayors of the north county coastal cities pursuant to a majority vote of the mayors of the north county coastal cities. The person shall be a member of a city council or another resident of one of said cities.	Group III
	An appointee of the mayors of the north county inland cities pursuant to a majority vote of the mayors of the north county inland cities. The person shall be a member of a city council or another resident of one of said cities.	Group I
	An appointee of the mayors of the south county cities pursuant to a majority vote of the mayors of the south county cities. The person shall be a member of a city council or another resident of one of said cities.	Group I
	An appointee of the mayors of the east county cities pursuant to a majority vote of the mayors of the east county cities. The person shall be a member of a city council or another resident of one of said cities.	Group II

* Not less than one of the appointees of the Mayor of the City of San Diego shall be an elected official of the City of San Diego, "Elected official" meaning for this purpose the Mayor or member(s) of the City Council of the City of San Diego.

** Not less than one of the appointees by the Chair of the San Diego County Board of Supervisors must be a member of the Board of Supervisors.

*** The initial term of this appointment by the Chair of the San Diego County Board of Supervisors begins on July 1, 2011 and ends on January 31, 2014.

(b) Except for the term of non-voting, non-compensated Board members and the initial term for the group III appointee of the Chair of the San Diego County Board of Supervisors listed above, the term of office of a member of the Board is three (3) years. A member of the Board may continue to serve beyond the expiration of the term until his or her successor qualifies for appointment and takes office. Members of the Board shall take office at 12:01 a.m. February 1 following their appointment. If a Board appointment is made after February 1 of the year in which the member's term is scheduled to commence, the member shall take office immediately upon appointment and, if applicable, receiving confirmation, to serve the remainder of the term. Each Board member shall serve the Board during the term until his or her removal, resignation, death or incapacity. [P.U.C. §170011(a)]

(c) If a member of the Board is appointed to be a member as a result of holding another public office and that person no longer holds that other public office, then that person shall no longer serve on the Board and a vacancy shall exist. [P.U.C. §170011(b)]

(d) Any vacancy in the office of a member of the Board shall be filled promptly pursuant to Government Code §1779[1]. Any person appointed to fill a vacant office shall serve the balance of the unexpired term. [P.U.C. §170011(c)]

(4) Compensation.

(a) The Board may provide, by ordinance or resolution, that each of its members may receive compensation in an amount not to exceed two hundred dollars ($200) for each day of service. A member of the Board shall not receive compensation for more than eight days of service a month. A member of the Board shall not receive compensation for being present at more than one meeting, hearing, event, or training program on each day of service. A Board member must be present for at least half (50%) of the time set for the meeting, or for the duration of the meeting, whichever is less, in order to be eligible for compensation.

(b) By a two-thirds vote of the majority, the Board may, by ordinance or resolution, modify the amount of compensation provided pursuant to subdivision (a).

(c) The Board, by ordinance or resolution, may provide for the Chair to receive an amount, not to exceed five hundred dollars ($500) a month, in addition to all other compensation provided pursuant to this section.

(d) The Board may provide, by ordinance or resolution, that its members may receive their actual and necessary traveling and incidental expenses incurred while on official business. Reimbursement of these expenses is subject to Article 2.3 (commencing with §53232) of Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code, except that the provisions of this section as specified in P.U.C. 170017(d) shall prevail over the provisions of §53232.1 of the Government Code to the extent of any conflict.

(e) The members of the Board shall not receive any benefits pursuant to Chapter 2 (commencing with §53200) of Part 1 of Division 2 of Title 5 of the Government Code. This subsection does not prohibit a member of the Board from electing to participate in a plan of health and welfare benefits if the costs of those benefits are paid by the board member and the Authority incurs no expense other than those expenses associated with processing the application of the board member seeking the benefits.

(f) A member of the Board may waive any or all of the payments permitted by the Act or by this Policy.

(g) For the purposes of this section, a **"day of service"** means any of the following:

---

[1] **Government Code §1779**. "A vacancy on any appointed governing board of a special district shall be filled by the appointing authority within 90 days immediately subsequent to its occurrence. If no action is taken for a period of 90 days immediately subsequent to a vacancy on such a board, the board of supervisors of the county in which the larger portion of the district is located shall have authority to fill the vacancy by appointment."

(i) A meeting of the Authority or an Authority committee conducted pursuant to the Ralph M. Brown Act (Gov. Code §54950 *et seq*.).

(ii) Representation of the Authority at a public event, provided that the Board has previously approved the member's representation at a Board meeting and that the member delivers a written report to the Board regarding the member's representation at the next Board meeting following the public event.

(iii) Representation of the Authority at a public meeting or a public hearing conducted by another public agency, provided that the Board has previously approved the member's representation at a Board meeting and that the member delivers a written report to the Board regarding the member's representation at the next Board meeting following the public meeting or public hearing.

(iv) Representation of the Authority at a meeting of a public benefit nonprofit corporation on whose board the Authority has membership, provided that the Board has previously approved the member's representation at a Board meeting and the member delivers a written report to the Board regarding the member's representation at the next Board meeting following the corporation's meeting.

(v) Participation in a training program on a topic that is directly related to the Authority, provided that the Board has previously approved the member's participation at a Board meeting, and that the member delivers a written report to the Board regarding the member's participation at the next board of directors' meeting following the training program.

(vi) Representation of the Authority at an official meeting, if the Board has previously approved the member's representation at a meeting of the Board and the member delivers a written report to the Board regarding the member's representation at the next meeting of the Board. [P.U.C. §170017 (a)-(g)]

(5) Board Officers - Appointment of Chair and Election of Other Officers and Executive Committee.

(a) The officers of the Board are a Chair and Vice Chair and those additional officers created by the Board pursuant to subdivision (d), below. The Chair shall preside over meetings of the Board and the Vice Chair shall serve during the Chair's absence or inability to serve. [P.U.C. §170012(b)]

(b) The Mayor of the City of San Diego shall appoint the Chair of the Board from among the members of the Board. [P.U.C. §170010(d) and 170012(a)]

(c) At the first meeting of the Board on or after the first Monday in February of each even-numbered year, the Board shall meet and elect its officers, except for the Chair of the Board, who shall be appointed by the Mayor of the City of San Diego. [P.U.C. §170010(a) and 170012(a)]

(d) The Board may create additional offices and elect members to those offices, provided that no member of the Board shall hold more than one office. [P.U.C. §170012(c)]

(6) Appointment of Authority Officers.

(a) The Board shall appoint the following officers of the Authority:

(i) President/Chief Executive Officer ("President/CEO");

(ii) General Counsel; and

(iii) Auditor.

(b) The President/CEO shall be responsible for all of the following:

(i) The implementation of the policies established by the Board for the operation of the Authority.

(ii) The appointment, supervision, discipline, and dismissal of the Authority's other employees, including the deputy chief executive officer, consistent with the employee relations system established by the Board.

(iii) The supervision of the Authority's facilities and services.

(iv) The supervision of the Authority's finances.

(c) When vacancies occur due to resignations, retirements, or from incapacitating events, the Board may select an interim replacement for the President/CEO, the General Counsel or Auditor. The Executive Committee is authorized to make an emergency appointment of the position for the period prior to the Board meeting.

(7) Executive Committee and Board Officers.

(a) Executive Committee. The Authority shall have a three-person Executive Committee consisting of one Board member from each of the following "defined jurisdictions": the City of San Diego, the County of San Diego, and a sub-regional jurisdiction (the east county cities, south county cities, north county inland cities, or north county coastal cities). [P.U.C. §170013(d)]. The Executive Committee shall be comprised of the following Board officers: the Mayor-appointed Chair, a Board-elected Vice Chair, and a Board-elected third Board member serving as a Board officer.

(b) Board Officers. The Mayor-appointed Chair will serve as a Board officer. The Board's Vice Chair shall be elected following the appointment of the Chair and must be a representative from a defined jurisdiction not represented by the Chair. Thereafter, a third Board member shall be elected as a Board officer who must be from the defined jurisdiction not represented by the two other Executive Committee members/Board officers. [P.U.C. §170010(d) and §170012]

(c) Terms. Except for the Chair, who is appointed by the Mayor of San Diego, the appointment (election) of the Board officers shall occur at the first meeting of the board on or after February 1 of each even-numbered years, to be seated immediately upon appointment. [P.U.C. §170010(d) and §170012(a)]

(d) Rotation of Member. The Board shall ensure that the Executive Committee member representing the sub-regional city jurisdiction shall rotate among said jurisdictions.

(e) Role of Executive Committee. The Executive Committee is responsible for overseeing the implementation of the administrative policy of the Authority. The Executive Committee members may not be included in the direct operation of the facilities and airports under the jurisdiction of the Authority, nor may they be included in the chain of command for purposes of emergency procedures. The Executive Committee shall conduct monthly meetings with the President/Chief Executive Officer and his or her staff to review the operations of the Authority. Any policy recommendations from the Executive Committee shall be forwarded to the Board for consideration at a public meeting of the Board.

(8) In the event of any inconsistency between this Policy and the Act, the provisions of the Act will govern.

[Amended by Resolution No. 2013-0132 dated December 12, 2013.]
[Amended by Resolution No. 2008-0029 dated March 6, 2008.]
[Amended by Resolution No. 2005-0094 dated July 7, 2005.]
[Amended by Resolution No. 2005-0088 dated July 7, 2005.]
[Amended by Resolution No. 03-005R dated February 6, 2003.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 - ADMINISTRATION AND GOVERNANCE
PART 1.2 - BOARD COMMITTEES
SECTION 1.20 - FORMATION OF BOARD COMMITTEES

PURPOSE: To establish a policy for the formation of committees of and for the Board of Directors (the "**Board**") of the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) Formation of Committees.

(a) The Board may designate one or more committees (each, a "**Committee**" and collectively, the "**Committees**") to serve at the pleasure of the Board.

(b) Each Committee will have such powers, duties and responsibilities as shall be determined by the Board from time to time.

(c) The Board will designate the size and composition of each Committee and whether such Committee will include non-Board members.

(d) The Board will determine the term of Committee members and the duration of each Committee, including whether such Committee is an *ad hoc* special purpose committee formed for a limited duration to address a specific problem. Members of an *ad hoc* special purpose committee have a responsibility to inform the Board when any meeting, negotiation, mediation, or similar activity is scheduled. Further, all *ad hoc* committees should brief the Board on their progress in a timely manner, whether by memorandum or oral communication similar to Policy 1.20(4).

(e) The Board may request Committees to prepare a general work plan for consideration by the Board.

(f) Except as specifically authorized by the Board, Committees will have no authority to negotiate for, represent or commit the Board or the Authority in any respect. The Board retains the final authority on all matters. Committees are not authorized to give direction to the Authority's staff to implement substantive actions.

(g) Notwithstanding the above, the Chair of the Board shall be vested with emergency designation powers to fill any vacancy on any committee (except the Executive Committee) caused by the resignation, death, or removal for cause of a Board or other non-Board member serving on that committee. Emergency designations by the Chair shall be effective on the date made and shall remain valid until the next meeting of the Board when the vacancy can be considered and duly acted upon by the full Board.

(2) Committee Meetings.

(a) The time and date of Committee meetings will be determined by the Board or, at the Board's discretion, by the Chair of the Committee. To the maximum extent practicable, Committee meetings shall be held on either a Monday or Thursday.

(b) Committee meetings shall be conducted in accordance with Roberts Rules of Order and applicable laws of the State of California. A quorum will be considered established if a majority of the members of the Committee are present. Provided a quorum present, the affirmative vote of a majority of the Committee members present at a duly called meeting of the Committee shall be required for any action, except as otherwise required by law.

(c) The Board may designate one or more Board or non-Board members as alternate members of any Committee, who may replace any absent member at any meeting of such Committee. The appointment of members or alternate members of any Committee will require the prior approval of the Board.

(d) All Committee meetings shall be noticed and open to the public if required under California law. Committee members shall abstain from discussion where a conflict of interest could occur as a result of their participation.

(e) Members of the media attending Committee meetings will be identified. While the Committee discusses Committee matters and issues, the members of such Committee will not make statements about Committee deliberations to the media.

(3) Committee Recommendations.

(a) Each Committee shall make recommendations to the Board on the matters or issues requested by the Board.

(b) Each Committee may request information from the Authority's staff, ask for information from other sources and formulate recommendations for submission to the full Board. Requests that require substantial resources or consulting services should be submitted to the Board for prior approval.

(c) The Authority's staff will provide each Committee with its recommendations on matters or issues falling within such Committee's purview. If such Committee chooses to make a recommendation to the Board that is inconsistent with the Authority's staff recommendation, then the Authority's staff will have the option of presenting its recommendation to the Board when that matter is presented to the Board.

(d) Committee recommendations will not be represented as the position of the Authority until the Board has endorsed the recommendation at a Board meeting.

(4) Summary Reports. Committees shall forward to the Board summary reports of each Committee meeting if requested by the Board. Summary reports of each Committee meeting will include, the Committee's recommendations to the Board, the votes of the members' recommendations and such other information as may be requested by the Board.

(5) Compensation. Committee members shall receive compensation for their services related to any Committee in accordance with this Policy and the law. [Cal. Pub. Util. Code §170017]

(6) Compliance. Committees will comply with all policies, codes and directives set forth by the Board and all applicable federal, state and local laws.

(7) Audit and Executive Committees. Each provision of Policy 1.20 shall apply to the Audit Committee and Executive Committee, unless the provision is inconsistent with the San Diego County Regional Airport Authority Act, as amended, or another provision of this policy specifically applicable to said Committee.

[Amended by Resolution No. 2016-0027 dated April 21, 2016.]
[Amended by Resolution No. 2008-0029 dated March 6, 2008.]
[Amended by Resolution No. 2006-0041 dated April 3, 2006.]
[Amended by Resolution No. 2005-0028 dated March 7, 2005.]
[Amended by Resolution No. 2004-0079 dated September 9, 2004.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 - ADMINISTRATION AND GOVERNANCE
PART 1.2 - AUTHORITY ADVISORY COMMITTEE
SECTION 1.21 - ADVISORY COMMITTEE

PURPOSE: To establish a policy for the establishment and governance of the Advisory Committee to assist the Authority in performing its responsibilities related to the planning and development of all airport facilities in the County of San Diego.

The Advisory Committee is established to facilitate input from community stakeholders and subject-matter experts regarding planning and development activities of the Authority as assigned and designated by the Board and/or President/CEO.

Cal. Pub. Util. Code §170054 of the San Diego County Regional Airport Authority Act provides:

> "(a) The Authority shall form an advisory committee to assist it in performing its responsibilities related to the planning and development of all airport facilities for the County of San Diego, including the airport activities and operations of the United States Department of Defense. In selecting members for the committee, the Authority shall include persons knowledgeable about airport management, passenger and freight air transportation operations and economics, general aviation, the natural environment, regional economic development, business, including the technology sector of the economy.
>
> (b) To the extent feasible, the advisory committee shall include representatives from the Department of Transportation, local public transit authorities, local governments, the campuses of the University of California and the California State University in the region, the United States Department of Defense and other groups and residents of San Diego County.
>
> (c) When forming the advisory committee, the Authority shall make its selections for membership from individuals representing all elements of the County of San Diego."

DEFINITIONS:

Advisory Committee. The "advisory committee" as defined by Cal. Pub. Util. Code §170054.

Authority. The San Diego County Regional Airport Authority.

Board. Board of Directors of the Authority.

President/CEO. The President/CEO of the Authority or his/her designee.

Members. Persons duly appointed to a seat on the Advisory Committee by the Board.

POLICY STATEMENT:

The Advisory Committee shall have Members with an interest in assisting the Authority in the planning and development of airport facilities. The Advisory Committee shall have no more than eighteen (18) Members.

(1) Membership.

(A) Seats.

(i) Members shall serve in seats on the Advisory Committee reserved for persons with knowledge and experience in the following areas:

(a) Airport management (1 Seat);
(b) Passenger and freight air transportation operations and economics (1 Seat);
(c) General aviation (1 Seat);
(d) The natural environment (1 Seat);
(e) Regional economic development (2 Seats); and
(f) Business, including the technology sector of the economy (2 Seats);

(ii) To the extent feasible, Members shall serve in seats on the Advisory Committee reserved for persons representing the following:

(a) The Department of Transportation (1 Seat);
(b) Local public transit authorities (2 Seats);
(c) Local governments (1 Seat);
(d) The campuses of the University of California and the California State Universities in the region (1 Seat);
(e) The United States Department of Defense (1 Seat); and
(f) Other groups and residents of San Diego County (4 Seats).

(B) Appointments. Proposed and nominated Members of the Advisory Committee shall all be appointed by the Board in its sole discretion.

(C) Nominations. Proposed Members shall be nominated to seats on the Advisory Committee as follows:

(i) The President/CEO shall nominate individuals as proposed Members to fill the seats reserved for:

(a) Airport management;
(b) General aviation;
(c) The natural environment;
(d) Passenger and freight air transportation operations and economics;
(e) Local governments; and
(f) The campuses of the University of California and the California State Universities in the region.

(ii) Two (2) individuals may be nominated as proposed Members to fill the seats reserved for "Regional economic development" as follows:

(a) Seat One. The president of the San Diego Regional Economic Development Corporation (SDREDC) may nominate one (1) individual. This nominee shall be a staff member of the SDREDC.

(b) Seat Two. The president of the first organization listed below may nominate one (1) individual. This nominee shall be a staff member of the nominating organization and shall serve a single two-year term. At the conclusion of that term, the president of the next listed organization may nominate a successor in accordance with the same standards. The nominating organization shall continue to rotate in the order listed below after every two-year term:

1. San Diego North Economic Development Council
2. East County Economic Development Council
3. South County Economic Development Council.

(iii) Two (2) individuals may be nominated as proposed Members to fill the seats reserved for "Business, including the technology sector of the economy" as follows:

(a) Seat One. The president of the San Diego Regional Chamber of Commerce (SDRCC) may nominate one (1) individual. This nominee shall be a staff member of the SDRCC.

(b) Seat Two. The president of the first organization listed below may nominate one (1) individual. This nominee shall be a staff member of the nominating organization and shall serve a single two-year term. At the conclusion of that term, the president of the next listed organization may nominate a successor in accordance with the same standards. The nominating organization shall continue to rotate in the order listed below after every two-year term:

1. CleanTECH San Diego
2. BIOCOM
3. CONNECT

(iv) Two (2) individuals may be nominated as proposed Members to fill the seats reserved for "Local public transit authorities" as follows:

(a) Seat One. The president of the Metropolitan Transit System (MTS) may nominate one (1) individual. This nominee shall be a staff or board member of MTS.

(b) Seat Two. The president of the North County Transit District (NCTD) may nominate one (1) individual. This nominee shall be a staff or board member of NCTD.

(v) The District Director of the California Department of Transportation for the San Diego Region or his/her designee shall be nominated as a proposed Member to fill the seat reserved for "The Department of Transportation."

(vi) The representative of the United States Department of Defense currently serving on the Board or his/her designee shall be nominated as a proposed Member to fill the seat reserved for "The United States Department of Defense."

(vii) Four (4) individuals may be nominated as proposed Members to fill the "Other groups and residents of San Diego County" seats as follows:

(a) Seat One. The president of the San Diego County Taxpayers Association (SDCTA) may nominate one (1) individual. This nominee shall be a staff member of the SDCTA.

(b) Seat Two. The president of the San Diego Convention and Visitors Bureau (SDCVB) may nominate one (1) individual. This nominee shall be a staff member of SDCVB.

(c) Seats Three and Four. The Auditor and the Vice President responsible for planning may jointly nominate two (2) individuals. The President/CEO shall issue a public notice whenever a vacancy occurs in any of the seats described in this subsection. Any individual residing in San Diego County and meeting the qualifications shall have the opportunity to apply to serve by providing information as to his/her qualifications and background.

(2) Failure to Nominate. In the event a nominating organization/individual fails to nominate an individual for Membership on the Advisory Committee within sixty (60) days of this Policy's adoption and/or the existence of a vacant seat, the President/CEO shall be authorized to nominate a proposed Member for the remaining unexpired term of the vacant seat.

(3) Vacancies. Vacancies of Members on the Advisory Committee shall be filled as they occur in the same manner as initial appointments. Replacement members shall complete the remaining term of the vacating member. Any Member who is eligible for nomination/appointment to a seat on the Advisory Committee based, in whole or in part upon their status as a staff member or board member of an organization, shall forfeit their Membership on the Advisory Committee whenever that status changes such that they no longer would be eligible for nomination/appointment to the seat which they hold; and, said seat shall be considered vacant in accordance with this Policy.

(4) Term of Members. The term of each Member's appointment to the Advisory Committee shall be two (2) years, provided, however, that for those first appointments occurring immediately following the initial adoption of this policy, the Board, in its sole discretion, may appoint up to eight (8) Members for terms of three (3) years to provide for staggered terms.

(5) Removal of Members. The Board, in its sole discretion, may act to remove any Member from the Advisory Committee.

(6) Chair. The Members shall elect a Chair from among the Members. The Chair shall serve for the duration of his/her appointed term or until his/her removal or resignation, whichever is earlier. The Chair shall set meeting agendas in consultation with the President/CEO, conduct meetings, guide discussions and summarize meeting results. In the event that the Chair is not present at a meeting of the Advisory Committee, the President/CEO shall, with the consensus of the Members present, appoint a Member present to serve as Facilitator for that meeting.

(7) Quorum. Six (6) Members must be physically present to constitute a quorum. A quorum shall be required for the conduct of any and all business of the Advisory Committee.

(8) Compensation. The Authority shall not compensate Members for their participation on the Advisory Committee.

(9) Meetings. Advisory Committee meetings shall be scheduled as necessary, but no less than twice annually. Meetings shall be called by the President/CEO. At least one (1) meeting annually shall include a briefing on airport development activities and programs and a tour of San Diego International Airport.

(10) Committee Recommendations. Discussions at meetings of the Advisory Committee will be recorded and a detailed summary of each meeting, including any recommendations made by Members, will be provided to the Board and President/CEO for review and consideration.

(11) Ad Hoc Subcommittees. The President/CEO may create ad hoc subcommittees of Members to consider one or more specific topics.

(12) Former Advisory Committee Members and Former Board Members. The President/CEO shall maintain a roster of former Advisory Committee members and former Board members ("Members Emeritus Roster") who may serve as additional resources during Advisory Committee discussions. Unless otherwise appointed as Members, these former Advisory Committee members and former Board members shall not serve as Members but may be called upon by the Authority, as it deems necessary, to participate in certain Advisory Committee discussions and provide additional expertise and input on matters before the Advisory Committee. Any former Advisory Committee member or former Board member may elect to have his/her name removed from the Members Emeritus Roster at any time. All former Advisory Committee members and former Board members on the Members Emeritus Roster shall be invited to attend the Advisory Committee's annual briefing on airport development activities and programs and tour of San Diego International Airport.

(12) Ralph M. Brown Act and the California Public Records Act. The Advisory Committee, including each of its Members and all of its meetings, shall be subject to the provisions of the Ralph M. Brown Act ("Public Meeting Law") and the Public Records Act. [Cal. Gov. Code § 54950 et seq. and Cal. Gov. Code § 6254 et seq.]

[Amended by Resolution No. 2011-0084R dated August 4, 2011]
[Amended by Resolution No. 2010-0104 R dated October 10, 2010]
[Amended by Resolution No. 2009-0024 R dated March 5, 2009.]
[Amended by Resolution No. 2008-0090 R dated July 10, 2008.]
[Resolution No. 2008-0051 dated May 1, 2008 was rescinded by Resolution No. 2008-0090R.]
[Amended by Resolution No. 2007-0084 R dated July 5, 2007.]
[Adopted by Resolution No. 2005-0016 dated February 7, 2005.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 - ADMINISTRATION AND GOVERNANCE
PART 1.3 - BOARD MEETINGS
SECTION 1.30 - MEETINGS, AGENDAS AND VOTING OF THE BOARD OF DIRECTORS

PURPOSE: To establish a policy for conducting meetings of the Board of Directors ("**Board**") of the San Diego County Regional Airport Authority ("**Authority**").

POLICY STATEMENT:

(1) Board meetings shall be conducted by the Chair of the Board ("**Chair**") according to Robert's Rules of Order.

(2) Regular meetings shall be held at least once each month. The regular meeting dates, time and location shall be set annually by Board resolution. To the maximum extent practicable, meetings of the Board shall be held on either a Monday or Thursday. Before any meeting is changed, the members of the Executive Committee shall be notified. Notice of the meetings shall be provided to the media and public as required by law.

(3) Special meetings may be called at any time by the Chair or by a majority of the Board, by delivering personally, by U.S. mail, by facsimile or by electronic mail, written notice to each member of the Board. A written notice also shall be given to news media as required by law and in accordance with any and all policies adopted by the Board. The notices required herein must be delivered at least 24 hours before the time of the meeting as specified in the notice. The notice shall state the business to be transacted and no other business shall be considered at the special meeting. Written notice need not be provided to any member who, at or prior to the time the meeting convenes, files with the Authority's Clerk ("**Clerk**") a written waiver of notice.

(4) The Board shall adopt rules or bylaws for its proceedings. All meetings of the Board shall be open and public and all persons shall be permitted to attend any meeting, except for closed sessions held pursuant to applicable California public meeting law or otherwise permitted by law. Meetings of the Board are subject to the provisions of the Ralph M. Brown Act, Gov. Code §54950 *et seq*. [P.U.C. §170010(a)(7) and §170014(a),(g)]

(5) Closed Sessions. Closed sessions shall be held upon the order of the Chair or the affirmative vote of a majority of the Board members. Such closed sessions may be only for purposes permitted by the California public meeting law or otherwise permitted by law.

(6) Quorum. A majority of the total voting membership of the Board shall constitute a quorum for the transaction of business. [P.U.C. §170014(b).]

(7) Approval of Agendas. The agendas for all Board meetings shall be set and approved by either the Board or the Executive Committee. All agendas must be in compliance with the Ralph M. Brown Act.

(a) Normal Request for Agenda Item. Any Board Member or the President/Chief Executive Officer ("**President/CEO**") may request an item be included on a forthcoming Board meeting agenda. The item shall be included on the agenda (1) upon review by the Executive Committee, which may discuss and appropriately modify the requested agenda item, or (2) by direction of the Board at a prior meeting.

(b) Extraordinary Request for Agenda Item. During the interval after an Executive Committee's last meeting and prior to the posting of the Board's agenda for its next meeting, any Board Member or the President/CEO may request an item be added to the Board's agenda (1) by requesting the President/CEO add the item, and (2) by submitting written notice of the request to the Executive Committee members. The item shall be added where the President/CEO finds that good cause exists, the need for Board consideration was ascertained after the Executive Committee meeting, and Board action is necessary before the Board's following month scheduled meeting.

(c) Request to Remove and Agenda Item. During the interval after the Executive Committee's meeting and prior to the posting of the ALUC or Board agendas for its next meeting, the President/CEO may remove items from the ALUC or Board's agenda by submitting written notice to the Executive Committee Members. The item shall be removed where the President/CEO finds that good cause exists and the need for removal of an item was ascertained after the Executive Committee Meeting and delay in consideration of the item will not cuase an impact to the operations of the Airport Authority.

(d) Intent. It is the intent of the Board and the Executive Committee to honor all requests of Board Members to add an item to an agenda. If a Board Member believes a properly submitted request has not been honored, the Board Member together with two other Members may submit a written request to the Executive Committee in which event the item shall be added to the agenda of the next Board meeting.

(8) Agendas. An agenda shall be prepared by the Clerk. Each agenda shall contain the following statement: "Please complete and submit to the Clerk a Request to Speak Form Prior to the Commencement of the Meeting."

(9) The order of business shall be:

(a) Call to Order;

(b) Pledge of Allegiance;

(c) Roll Call;

(d) Presentations;

(e) Reports From Board Committees, Ad Hoc Committees, and Citizen Committees and Liaisons;

(f) Chair's Report;

(g) President/CEO Report;

(h) Non-Agenda Public Comment;

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

(j) Public Hearings;

(k) Old Business;

(l) New Business Items. Regular items requiring Board action, arranged in a sequence that will minimize unnecessary waiting by the public and interested persons;

(m) Closed Session;

(n) Report on Closed Session;

(o) Non-Agenda Public Comment;

(p) General Counsel Report;

(q) Board Comment; and

(r) Adjournment.

(10) The Board shall receive a staff report for each action item on the agenda. Staff reports shall classify the item, summarize the background, analyze the subject matter and state the President/CEO's recommendation. The President/CEO or the Clerk shall ensure that the Board is provided with the agenda and all supporting staff reports not later than one week preceding a regular meeting.

(11) The Board shall act only by ordinance, resolution, or motion. [P.U.C. §170014(c)]

(12) Voting. Except as provided below in paragraph 13 or by law, to adopt an ordinance, resolution, or motion requires both a numerical majority vote and a weighted majority vote of the total voting membership of the Board. [P.U.C. §170010]

(a) Numerical Majority Votes. A numerical majority vote requires an affirmative vote of at least five of the voting membership of the Board.

(b) Weighted Majority Votes. A weighted majority requires an affirmative vote of at least 51 vote points that are allocated to the voting membership of the Board, unless the total number of vote points is expanded beyond 100 as a result of the operation of subparagraph (4). If the total number of vote points is greater than 100 as a result of the operation of subparagraph (4), a weighted majority requires an affirmative vote of at least 50 percent plus one of the total vote points. Vote points shall be allocated pursuant to subparagraph (1).

(1) There shall be a total of 100 allocated vote points for the weighted vote, except that additional vote points shall be allocated pursuant to subparagraph (4). For purposes of this paragraph, the City of San Diego, the County of San Diego, the east county cities, the north county coastal cities, the north county inland cities, and the south county cities are each a jurisdiction. The points allocated to the City of San Diego shall be divided among the three Board members appointed pursuant P.U.C. §170010(a)(1). The points shall be allocated among the three Board members by the Mayor of the City of San Diego, keeping the votes for each seat as close to equal as possible but in a manner that avoids fractional vote points. The vote points allocated to the County of San Diego shall be divided between the two Board members appointed pursuant to P.U.C. §170010(a)(2). The vote points shall be allocated among the two Board members by the chair of the San Diego County Board of Supervisors, keeping the votes for each seat as close to equal as possible but in a manner that avoids fractional vote points. Each jurisdiction shall have that number of vote points determined by the following allocation formula, except that each jurisdiction shall have at least one vote point, no jurisdiction shall have more than 40 vote points, and there shall be no fractional vote points:

(i) If any jurisdiction has 40 percent or more of the total population of the San Diego County region, 40 vote points shall be allocated to that jurisdiction and the remaining vote points shall be allocated to the remaining jurisdictions pursuant to clause (ii). If no jurisdiction has 40 percent or more of the total population of the San Diego County region, vote points shall be allocated pursuant to clause (iii).

(ii) The total population of the remaining jurisdictions shall be computed and the remaining 60 vote points allocated based upon the percentage of the total that each jurisdiction has, in the following manner:

(I) The percentage each jurisdiction bears to the total remaining population shall be multiplied by 60 to determine fractional shares.

(II) Each fraction less than one shall be rounded up to one, so that no jurisdiction has less than one vote point.

(III) Disregarding any fractional vote points and adding just the whole vote points, if the total vote points is 60, fractional vote points are dropped and the whole numbers are the vote points for each jurisdiction.

(IV) If, after disregarding the fractional vote points and adding just the whole vote points, the total vote points for the remaining jurisdictions is less than 60, the difference in vote points shall be allocated to jurisdictions in order of the highest fractions until a total of 60 vote points are allocated, excepting those jurisdictions whose vote was increased to one pursuant to subclause (II).

(V) If, after disregarding the fractional vote points and adding just the whole vote points, the total vote points for the remaining jurisdictions is more than 60, the vote points in excess of 60 shall be eliminated by subtracting vote points from jurisdictions with the lowest percentage to the total remaining population except that no jurisdiction's vote points shall be reduced to less than one.

(iii) If no jurisdiction has 40 percent or more of the total population of the San Diego County region, the total population of the region shall be computed and all 100 vote points shall be allocated based upon the percentage each jurisdiction bears to the total population of the region, in the following manner:

(I) The percentage of any jurisdiction that is less than one shall be rounded up to one, so that no jurisdiction has less than one vote point.

(II) Disregarding any fractional vote points and adding just the whole vote points, if the total vote points is 100, fractional vote points shall be dropped and the whole numbers shall be the vote points for each jurisdiction.

(III) If, after disregarding the fractional vote points and adding just the whole vote points, the total vote points for all jurisdictions is less than 100, the difference in vote points shall be allocated to jurisdictions in order of the highest fractions until a total of 100 vote points are allocated, excepting those jurisdictions whose vote was increased to one pursuant to subclause (I).

(IV) If, after disregarding the fractional vote points and adding just the whole vote points, the total vote points for all jurisdictions is more than 100, the vote points in excess of 100 shall be eliminated by subtracting vote points from jurisdictions with the lowest percentage to the total population or the region except that no jurisdiction's vote points shall be reduced to less than one.

(2) When a weighted vote is taken on any item that requires more than a majority vote of the Board, it shall also require the same supermajority percentage of the weighted vote.

(3) The allocation of vote points pursuant to this subdivision shall be made annually by the Board based upon the population calculations made by the San Diego Association of Governments ("SANDAG").

(4) Any other newly incorporated city shall be added to the jurisdiction designated by SANDAG. The Board member representing that jurisdiction shall receive one additional vote under the weighted vote procedure specified above until the next allocation of vote points pursuant to subparagraph (3), at which time the new jurisdiction shall receive votes in accordance with the formula specified in this paragraph. Until this next vote points allocation, the total number of weighted vote points may exceed 100.

(13) Ballot Measures. Any act to submit a ballot measure to the voters at a regular or special election shall require a two-thirds majority vote, both numerically and by weighted vote, of the total voting membership of the Board. [P.U.C. §170014(e)]

(14) Record of All Board Actions. The Board shall keep a record of all of its actions, including financial transactions. [P.U.C. §170014(f)]

[Amended by Resolution No. 2016-0027 dated April 21, 2016]
[Amended by Resolution No. 2013-0132 dated December 12, 2013]
[Amended by Resolution No. 2008-0029 dated March 6, 2008]
[Amended by Resolution No. 2005-0099 dated September 8, 2005]
[Amended by Resolution No. 2005-0095 dated July 7, 2005.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 - ADMINISTRATION AND GOVERNANCE
PART 1.3 - BOARD MEETINGS
SECTION 1.31 - PUBLIC HEARINGS

PURPOSE: To establish a policy for public hearings for the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) The Board of Directors of the Authority (the "**Board**") shall determine when, where and for what purpose public hearings shall be held.

(2) Requests for public hearings not otherwise prescribed by law shall be presented to the Board for determination on the appropriateness for holding a public hearing.

(3) Public hearings shall be held for any reason deemed appropriate by the Board.

(4) The Authority's Clerk shall provide a notice pursuant to Section 6060 *et seq.* of the California Government Code whenever a public hearing is to be held.

(5) The notice shall state when and where the hearing will be held and for what purpose and such other information as required by California law.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 - ADMINISTRATION AND GOVERNANCE
PART 1.3 - BOARD MEETINGS
SECTION 1.32 - PUBLIC NOTICE REGARDING AGENDA MATTERS

PURPOSE: To establish criteria for publishing notice of agenda matters.

POLICY STATEMENT:

(1) It is the desire of the Board of Directors (the "**Board**") of the San Diego County Regional Airport Authority (the "**Authority**") that interested persons be given notice of matters being considered by the Board.

(2) Once the agenda has been finalized by the Board or a committee designated by the Board, a listing of all items to be considered at the Board's next regular meeting shall be published in a newspaper of general circulation not later than the Monday prior to the meeting.

(3) To further assist in information dissemination, notice of certain agenda matters first shall be published in a newspaper of general circulation at least five days prior to the date that the Board is scheduled to consider the matter. These agenda items include, but are not limited to:

(a) Projects that involve a change in existing land use;

(b) Projects that could be expected to have widespread interest because of possible impacts on neighboring developments; and

(c) Establishment or amendment of Board policies.

The Board or a committee designated by the Board shall determine which agenda matters shall be noticed by publication as specified in this section.

(4) Notices are sent to persons that have expressed a desire to be notified of specific agenda matters. Additionally, if required by applicable federal, state or local laws, then notification (by mail or otherwise) shall be given, to the extent reasonably practicable, to other persons or organizations that have a known interest regarding specific issues or that may be directly affected by a matter scheduled for consideration.

(5) No vote may be taken on the same day when an agenda item scheduled as an appearance, discussion, workshop or similar matter is first heard. This voting restriction shall not preclude the Board from voting on instructions and/or directions to Authority staff to assist the Board in its further deliberations. Agenda matters that have been noticed by publication as specified in paragraph 3 above shall not be subject to the terms and conditions of this paragraph.

(6) The provisions of this policy shall not apply to special or emergency meetings which may be called as provided in the Authority's other policies, as amended from time to time.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 - ADMINISTRATION AND GOVERNANCE
PART 1.3 - BOARD MEETINGS
SECTION 1.33 - PUBLIC PARTICIPATION IN MEETINGS OF THE BOARD OF DIRECTORS

PURPOSE: To establish a policy for public participation during meetings of the Board of Directors (the "**Board**") of the San Diego County Regional Airport Authority.

POLICY STATEMENT:

(1) The public may participate in all public (open) sessions of the Board subject to the provisions of this policy.

(2) No person may address the Board without the permission of the Chair of the Board (the "**Chair**").

(3) Persons wishing to address the Board must submit a "Request to Speak" form in person to the Authority Clerk ("Clerk").

(4) The "Request to Speak" form may be submitted to the Clerk at any time following the start of the meeting, but must be submitted prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment, Consent Agenda and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.

(5) The Public Comment Section on the agenda is reserved for persons wishing to address the Board on any matter for which another opportunity to speak is not provided on the Agenda and on matters that are within the jurisdiction of the Board. This comment period shall be limited to eighteen (18) minutes, with three (3) minutes allowed for each speaker. A second Public Comment period shall be reserved for general public comment later in the meeting for those who could not be heard during the first Public Comment period.

(6) Persons wishing to speak on specific agenda items should reserve their comments until the specific item is taken up by the Board. The total amount of time allowed for public comment on specific items listed on the agenda shall be limited to twenty (20) minutes each. Ten (10) minutes of the total 20 minute period allowed for public comment shall be reserved for persons/groups/applicants in support and ten (10) minutes for persons/groups/applicants in opposition of an item. Each individual speaker shall be allowed up to three (3) minutes and applicants, groups and/or referring jurisdictions shall be allowed up to five (5) minutes.

(7) If many persons have indicated a desire to address the Board on the same issue, then the Chair shall suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.

(8) Groups shall be defined as any organization which has at least five (5) members and adopted bylaws. The group must meet regularly (at least semi-annual); the speaker must have been voted on by the majority of the group to represent them and have minutes of their meetings; and have previously registered with the Authority as a recognized group.

(9) Applicants shall be defined as any person (s) or agency (s) that has a project which requires a consistency determination by the Airport Land Use Commission.

(10) After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, Commission or Committee without first obtaining permission from the Chair to do so.

(11) The Chair, with the consent of a majority of the Board, Commission or Committee present, may extend or reduce the amount of time given to individual speakers, applicants, groups and referring jurisdictions or suspend the requirements of this policy.

(12) This policy shall apply to the conduct of meetings of the Board, Airport Land Use Commission and all standing committees created by the Board.

[Amended by Resolution No. 2007-0088 dated September 6, 2007.]
[Amended by Resolution No. 2006-0001 dated January 5, 2006.]
[Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 - ADMINISTRATION AND GOVERNANCE
PART 1.4 - AUTHORITY POSITIONS
SECTION 1.40 - POWERS AND FUNCTIONS OF THE PRESIDENT/CHIEF EXECUTIVE OFFICER

PURPOSE: To delineate the powers and functions of the President/Chief Executive Officer (the "**President/CEO**") of the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) The President/CEO shall have the powers and functions:

(a) set forth in the San Diego County Regional Airport Authority Act, Sections 170000 *et seq.* of the California Public Utilities Code, as amended from time to time;

(b) established in the policies and codes promulgated by the Authority's Board of Directors from time to time; and

(c) that are necessary for the administration, management and operations of the facilities and airports under the jurisdiction of the Authority, including, without limitation, the San Diego International Airport.

(2) The President/CEO shall appoint all officers and employees of the Authority, other than the Authority's General Counsel and Auditor, and shall oversee the personnel performance standards of such officers and employees.

(3) The Deputy Executive Director, if appointed, shall (a) serve as the President/CEO during his or her absence and (b) exercise the powers conferred upon the President/CEO in accordance with this policy.

[Amended by Resolution No. 2008-0029 dated March 6, 2008.]
[Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 - ADMINISTRATION AND GOVERNANCE
PART 1.4 - AUTHORITY POSITIONS
SECTION 1.41 - POWERS AND FUNCTIONS OF THE GENERAL COUNSEL

PURPOSE: To delineate the policy on the exercise of powers and functions of the general counsel (the "**General Counsel**") for the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) The General Counsel shall be directly responsible to the Authority's Board of Directors ("**Board**").

(2) The General Counsel shall furnish the Board, the Authority's President/CEO and certain staff designated by the President/CEO with all legal assistance necessary for the performance of their respective duties as prescribed under the San Diego County Regional Airport Authority Act, §§170000 *et seq.* of the California Public Utilities Code, as amended from time to time, and under any policies and codes adopted by the Board.

(3) The General Counsel shall approve, as to their legality, all ordinances, resolutions, leases, contracts, policies and other documents prior to their submission to the Board for action.

(4) The General Counsel shall be responsible for the conduct of all cases and proceedings involving the Authority before all courts, tribunals and administrative agencies; provided, however, that appropriate Authority personnel may be authorized by the President/CEO or the Board to appear before administrative agencies in connection with specialized matters not requiring legal counsel.

(5) When in the opinion of the General Counsel it is desirable to retain outside legal counsel in connection with the Authority's legal matters, the General Counsel shall make such recommendation to the Board together with recommendations as to attorneys to be retained. The Board shall make the final determination as to the Authority's retention of outside legal counsel, and the specific counsel to be retained. The terms of engagement for such legal counsel shall be approved by resolution of the Board.

(6) The General Counsel shall be subject to any and all policies and codes that relate to Authority employees.

(7) The General Counsel shall keep the Board and certain staff designated by the President/CEO informed on any legislation or other legal matters that may affect the Authority.

(8) The General Counsel shall have the authority to negotiate and settle or compromise any claims, causes of actions, suits, liens, costs, damages or liabilities ("**Claim**") against the Authority where:

(a) The General Counsel believes settlement or compromise of the Claim is in the best interest of the Authority;

(b) The amount of the Authority's obligation to settle or compromise the Claim is Ten Thousand Dollars ($10,000) or less; and

(c) The President/CEO approves, in writing, the General Counsel's recommendation to settle or compromise the Claim.

(9) The General Counsel shall have the authority to negotiate and settle or compromise any claims, causes of actions, suits, claims, or liens, ("**Actions**") brought by the Authority where:

(a) The General Counsel believes settlement or compromise of the Action is in the best interest of the Authority;

(b) The amount the Authority is to receive through the settlement or compromise does not exceed Ten Thousand Dollars ($10,000); and

(c) The President/CEO approves, in writing, the General Counsel's recommendation to settle or compromise the Action; and

(10.) The General Counsel shall report all settled/compromised Actions to the Board at a meeting of the Board.

[Amended by Resolution No. 2010-0038 dated April 1, 2010.]
[Amended by Resolution No. 2008-0088 dated July 10, 2008.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 - ADMINISTRATION AND GOVERNANCE
PART 1.5 - GOVERNANCE
SECTION 1.50 - GOVERNANCE AND COMMITTEES

PURPOSE: To establish the principles and practices for the governance of the San Diego County Regional Airport Authority ("**Authority**").

POLICY STATEMENT:

(1) Establishment of Governance Principles and Practices. The Authority is committed to being and operating as a world-class organization, and to that end shall adopt, implement and maintain best-in-class governance principles and practices.

(2) Adoption of Governance Policy. It is in the best interests of the Authority and the public that it serves to adopt this policy to supplement the San Diego County Regional Airport Authority Act, as amended ("**Authority Act**"), to delineate the respective roles, duties and responsibilities of:

- The Board of Directors ("**Board**");
- The Board's Executive Committee ("**Executive Committee**"); and
- The President/Chief Executive Officer (**"President/CEO"**).

(3) Considerations. This policy has been developed based on the following considerations:

- Review of best-in-class governance principles and practices that have been developed and tested in practice by respected airport authorities and other governmental entities;

- A desire to meet the needs of the public that the Authority serves, and the individuals and businesses that use the Authority's facilities or deal with the Authority; and

- A recognition that the delineation of the respective roles, duties and responsibilities of the Board, the Executive Committee, the President/CEO and the Authority's officers and employees is essential to assure the transparent, efficient and harmonious operation of the Authority, and the achievement of the purposes for which it was created.

(4) Objectives. The objectives of this policy are to:

- Establish principles and practices to facilitate communication and coordination among the Board, the Executive Committee, the President/CEO and the Authority's officers and employees with respect to the Authority's vision, mission, policy and management;

- Establish clear, appropriate roles and functions of the Board, the Executive Committee, the President/CEO and the Authority's officers and employees;

- Provide for the Board's exercise of its authority to set the policies and direction of the Authority and to monitor and evaluate the management of the Authority by the President/CEO and the Authority's officers and employees, without impeding or interfering with the proper conduct of the Authority's operations and affairs;

- Provide for appropriate interface and liaison with other government agencies, particularly (1) the consolidated agency comprised of the San Diego Association of Governments (SANDAG), the Metropolitan Transit Development Board (MTDB) and the North County Transit Development Board (NCTD) created by Public Utilities Code §132350.2, and (2) the San Diego Unified Port District;

- Implement governance principles and practices that are subject to periodic review and modification in order to evolve with the Authority's needs and operations; and

- Through the foregoing, facilitate communication, coordination and cooperation within the Authority, and achieve transparency and accountability in governance, and the confidence of the public in the integrity and responsibility of the Authority.

(5) Board.

(a) Role. The Board's role is to establish, in collaboration with the President/CEO and the Authority's officers and employees through an open, public process, the vision, long-term strategy and goals for the Authority and to provide leadership to attain them.

The Board should refrain from participating in the day-to-day operations of the Authority.

- In the case of Board Members or committees requesting information or assistance without Board authorization, the request must not require more than two hours of staff time, be approved by the President/CEO and copied to all Board Members.

  In consultation with the Board Member, the President/CEO can decline (or disallow) such requests that require, in the President/CEO's opinion, a material amount of staff time or funds, or are disruptive.

- Decision or instruction of individual Board Members or committees is binding when specifically authorized by the full Board.

- The Board should refrain from evaluating, either formally or informally, any staff other than the President/CEO, the General Counsel, or the Auditor. Board feedback on all other employee performance or behavior should be given directly to the President/CEO and not to the employee.

(b) Responsibilities. The Board's specific duties and responsibilities include the following:

Vision and Mission	• Formulate, set and evaluate on a periodic basis the vision, long-term strategy and goals for the Authority; • Adopt a comprehensive plan on the future development of San Diego's regional international airport, including a review of all options for alternative sites, including, but not limited to, expansion of the existing airport site, and other development options to address future airport needs.
Policy, Administration and Management	• Appoint a representative to the San Diego Association of Governments, in accordance with P.U.C. §132351.4(2) (A). Such representative shall serve until recalled or replaced by the Board. Such representative shall represent the Authority's views on maintaining a strong focus and commitment to meeting the public transportation needs of the San Diego region, setting transit funding criteria and recommending transit funding levels, and the discharge of transit responsibilities resulting from consolidation; • Maintain and promote open, collaborative relations with all local, regional, state and federal governmental agencies with which it may interact, including especially the San Diego Unified Port District with which the Authority is a neighbor, and a colleague in economic development and environmental protection, for the benefit of the San Diego region. The Board may appoint one or more Directors to serve as Board liaison(s) with the governing board of another agency, but without any power to make agreements on behalf of the Authority or to direct Authority staff activity; • Adopt and amend the objectives and service priorities for the Authority and provide guidance to the President/CEO on these matters; • Adopt and amend the Authority's Policies and Codes from time to time;

	• Assess on a periodic basis the effectiveness of the Authority's Policies and Codes, and add new or amend existing Policies and Codes accordingly; • Review recommendations from the President/CEO and the Authority's officers and employees with respect and care, and consider the implications and future consequences of Board policy decisions; • Review and approve contracts and the making of other major commitments in accordance with the Policies and Codes of the Authority; • Review and approve the Authority's operating and capital budget and monitor the Authority's financial performance; • Monitor the performance by the Authority by maintaining effective dialogue and communications with the President/CEO; • Collaborate with the President/CEO in establishing performance standards for the Authority and its officers and employees; • Appraise on a periodic basis the performance of the President/CEO and provide clear written feedback to the President/CEO; and • Respect the President/CEO's role and responsibility to implement executive responsibilities for the Authority, and therefore avoid micro-management and intervention in specific management and administrative matters of the Authority.

(c) Standing Board Committees. The Board shall have the following standing committees with the following functions:

(i) *Finance Committee* – The Finance Committee will oversee the financial performance and condition of the Authority and review the operating and capital budget and financial plan, and major financial policies or actions of the Authority. The Finance Committee shall meet at least quarterly each year.

(ii) *Audit Committee* – The Audit Committee shall consist of four Board members and three members of the public. Pursuant to a selection policy, appointment procedures, and conflict-of-interest standards established by the Board, the Audit Committee shall oversee the initial screening and recommendation process for the selection of the public members. The Board shall appoint the three public members as voting members of the Audit Committee for staggered three-year terms. The public members appointed shall be from among the following categories of persons, with no more than one appointee from each category at any one time:

(I) A professional with experience in the field of public finance and budgeting.

(II) An architect or civil engineer licensed to practice in this state.

(III) A professional with experience in the field of real estate or land economics.

(IV) A person with experience in managing construction of large-scale public works projects.

(V) A person with public or private sector executive level decision making experience.

(VI) A person who resides within the airport influence area of the San Diego International Airport (Lindbergh Field).

(VII) A person with experience in environmental justice as it pertains to land use.

Compensation. The three voting public members appointed to the Audit Committee pursuant to the above categories shall be paid for attending Audit Committee meetings at the same rate as that paid for Board members.

Other Members. The Board may appoint other persons to serve as non-voting, non-compensated *ex officio* members on the Audit Committee. The length of the term of office for each such appointment shall be determined by the Board at the time of appointment.

Role of Committee. The Audit Committee shall serve as a guardian of the public trust, acting independently and charged with oversight responsibilities for reviewing the Authority's internal controls, financial reporting obligations, operating efficiencies, ethical behavior, and regular attention to cash flows, capital expenditures, regulatory compliance, and operations.

Meetings. The Audit Committee shall meet a minimum of four (4) times per year and shall, at a minimum, do all the following:

(I) Regularly review the Authority's accounting, audit, and performance monitoring processes.

(II) At the time of contract renewal, recommend to the Executive Committee and the full Board its nomination for an external auditor and the compensation of that 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.

(III) Advise the Executive Committee and the Board regarding the selection of the auditor.

(IV) Evaluate the Auditor and make recommendations to the Executive Personnel and Compensation Committee and/or the Board regarding his or her performance and compensation.

(V) Be responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, Authority policies and procedures.

(VI) Be responsible for overseeing the annual audit by the external auditors and any internal audits.

(VII) Make recommendations to the full Board regarding paragraphs (I) to (IV), inclusive.

Voting. Each member of the Audit Committee shall be a voting member. An affirmative vote by at least five (5) members of the Audit Committee shall be required for approval of the annual internal and external audits, including performance monitoring, the auditor's annual audit plan for each fiscal year submitted to the Board for approval, and actions recommending or approving debt financing for the Authority. [P.U.C. §170018]

(iii) *Executive Personnel and Compensation Committee.* This Executive Personnel and Compensation Committee will evaluate the President/CEO, Auditor and General Counsel and make recommendations to the Board concerning their compensation. In addition, the Executive Personnel and Compensation Committee will review and make recommendations regarding Board Member compensation.

(iv) *Executive Committee.* The Executive Committee's role is to monitor the Authority's implementation of the administrative policy that has been established by the Board and to support the President/CEO in carrying out strategies and policies set by the Board. The Executive Committee's specific duties and responsibilities shall be:

MONITOR AUTHORITY IMPLEMENTATION OF BOARD POLICY	• The Executive Committee, through the monthly meetings discussed below, will monitor the Authority's implementation of the administrative policy of the Authority as such policy shall be set by the Board and will report any relevant matters to the full Board, together with any policy recommendations, at a public meeting of the full Board. Provided, however, that neither the Executive Committee, nor any member of the Executive Committee, will be or become involved in the direct operation of the airports under the jurisdiction of the Authority or be included in the chain of command of any such airport or the Authority for emergency purposes; and • Undertake such other duties as the Board may delegate or assign from time-to-time.
CONDUCT MONTHLY PUBLIC MEETING WITH PRESIDENT/CEO AND EXECUTIVE STAFF	• The Executive Committee will conduct a monthly meeting with the President/CEO and the executive staff to monitor the Authority's implementation of the administrative policy established by the Board. These Executive Committee meetings shall be open to the public, except as otherwise expressly permitted under the Ralph M. Brown Open Meeting Law; and • Submit any and all policy recommendations to the full Board for consideration at a public meeting of the Board.

(v) Capital Improvement Program Oversight Committee. This committee will oversee the implementation of the Capital Improvement Program ("CIP") to include the investigation and evaluation of the physical/functional, financial, environmental, community aspects, inter-governmental coordination, and public communication/outreach related to all CIP activities.

(6) President/CEO.

(a) Role. The President/CEO's role is to (i) support the Board in the planning and implementation of the vision, long-term strategy and goals of the Authority, (ii) carry out the overall strategy and policies duly adopted by the Board and (iii) manage and direct the Authority's personnel, operations, finances and facilities.

(b) Responsibilities. The President/CEO's specific duties and responsibilities include the following:

Vision and Mission	• Assist in the planning and analysis of, and make recommendations for and implement the vision, long-term strategy and goals as established by the Board; and • Provide executive leadership to the officers and employees of the Authority to implement the Authority's vision, long-term strategy and goals as established by the Board.
Policy, Administration and Management	• Manage and direct the Authority's operations, finances and facilities professionally, efficiently and fairly; • Administer and carry out the Authority's Policies and Codes, and provide appropriate information and make recommendations to the Board regarding the possible need for new Policies and Codes or amendments to existing Policies and Codes; • Ensure that the Board is fully supported in its responsibility to adopt a comprehensive plan on the future development of San Diego's regional international airport, including a review of all options for alternative sites, including, but not limited to, expansion of the existing airport site and other development options available to address future airport needs; • Perform such other functions that may be set forth in the Authority's other Policies and Codes, or that are necessary for the management and operations of the facilities and airports under the jurisdiction of the Authority; • Manage the Authority's programs and services in a manner that is consistent with the Board's vision, long-term strategy, goals, guidelines, Policies and Codes; • Direct the communications and inter-governmental relations strategy of the Authority, and the manner in which it is carried out; • Prepare and recommend to the Board the Authority's operating and capital budget and financial plan; • Maintain effective dialogue and communications with the Board; • Provide appropriate information to the Board to facilitate the Board's assessment of the Authority's programs and services;

	• Manage and coordinate the Authority's officers and employees to maintain high standards of professional conduct and to promote the accomplishment of organizational goals with efficiency and economy of resource use; • Monitor and evaluate the Authority's officers, employees and independent contractors to, among other things, ensure that the officers, employees and independent contractors maintain appropriate performance standards, are attentive to citizen concerns and are responsive to complaints and inquiries; • Support the Board in its appraisal of managerial and organizational performance; • Appoint all officers and employees of the Authority, other than the Authority's General Counsel and Auditor; and • Maintain and promote open, collaborative relations with all local, regional, state and federal governmental agencies with which the Authority may interact, including especially the San Diego Unified Port District with which the Authority is a neighbor, and a colleague in economic development and environmental protection, for the benefit of the San Diego region.

(7) General Principles of Governance. The Board and the Executive Committee, in discharging their respective powers, duties and responsibilities under this Policy and under any other applicable laws, Policies or Codes, shall act in accordance with the following:

(a) exercise their respective business judgment to act in what they reasonably believe to be in the best interests of the Authority's constituents and the public that the Authority serves;

(b) act in accordance with the highest ethical standards as set forth in the Authority's other Policies and Codes;

(c) ensure that other existing and planned future commitments do not interfere with their commitments, duties and responsibilities to the Authority;

(d) except in extraordinary circumstances, attend all duly noticed meetings and spend the time needed and meet as frequently as necessary to properly discharge their powers, duties and responsibilities;

(e) except in extraordinary circumstances, attend any appropriate Board orientation programs, and review Board orientation documentation and other materials that may be distributed to the Board from time to time;

(f) listen with due regard to the input of each member of the Board and the Executive Committee, as the case may be, and not attempt to dominate the discussions or the decision-making process of the Board and the Executive Committee, as the case may be; and

(g) comply with requirements of law applicable to the Board and the Executive Committee, as the case may be, under all relevant laws (including the Authority Act) and the Authority's other Policies and Codes.

(8) General Provisions - Committees.

(i) Each standing committee of the Board shall include an Executive Committee member.

(ii) All standing committee appointments shall be for one-year terms, except as otherwise prescribed or modified by the Board in its sole discretion.

(iii) The Board may establish or maintain additional standing or *ad hoc* Board committees from time to time as necessary or appropriate in accordance with the Authority's Policies and Codes.

(9) Periodic Evaluation. The Board shall review this policy on a periodic basis to ascertain whether any modification is required to meet the then-current needs of the Authority and to maintain consistency with the best-in-class governance principles and practices of other airport authorities and governmental entities.

[Amended by Resolution No. 2013-0132 dated December 12, 2013]
[Amended by Resolution No. 2012-0133 dated December 13, 2012]
[Amended by Resolution No. 2011-0052 dated May 5, 2011]
[Amended by Resolution No. 2010-0008 dated February 4, 2010]
[Amended by Resolution No. 2009-0038 dated April 2, 2009]
[Amended by Resolution No. 2009-0009 dated February 5, 2009]
[Amended by Resolution No. 2008-0029 dated March 6, 2008]
[Amended by Resolution No. 2007-0085 dated July 5, 2007]
[Amended by Resolution No. 2006-0080 dated July 6, 2006]
[Amended by Resolution No. 2004-0033 dated April 5, 2004]
[Amended by Resolution No. 03-060 dated October 2, 2003]
[Amended by Resolution No.03-005R dated February 6, 2003]
[Adopted by Resolution No. 2002-2 dated November 25, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1 ADMINISTRATION AND GOVERNANCE
PART 1.6 INTERGOVERNMENTAL RELATIONS
SECTION 1.60 LEGISLATIVE ADVOCACY PROGRAM

PURPOSE: To establish a policy governing the procedures relating to advocating on the behalf of the San Diego County Regional Airport Authority (the **"Authority"**) on federal, state and local legislative matters.

POLICY STATEMENT:

(1) Under the direction of the Authority Board, the Authority operates San Diego International Airport, plans for necessary improvements to the regional air transportation system in San Diego County, and serves as the responsible agency for airport land use planning within the County.

(2) It is important for the Authority to protect the airport and its planning functions by promoting public policies consistent with the Authority's mandates and objectives.

(3) The Authority Board may direct staff to monitor and advocate on its behalf in support of or opposition to existing or proposed legislative actions that are either beneficial or harmful to the interests of the Authority.

(4) The Authority Board may direct staff to utilize advocates in Sacramento and Washington, D.C. to assist the Authority to identify legislative issues of interest, advocate in support of or opposition to specific policy matters, and obtain grants and other funding from the state and federal governments.

(5) It is vital that the Authority Board establish well-defined legislative policy goals and positions in order for Authority staff and its legislative advocates to carry out the public policy objectives of the Board. The following actions will be taken to ensure this occurs:

(a) The Authority Board shall adopt a legislative agenda to include general legislative guidelines and specific goals. Such an agenda will serve as the foundation of the Authority's legislative advocacy program.

(b) The Authority Board shall receive a staff legislative report on a monthly basis at the Board's first monthly regular meeting. At such time, the Board shall give direction to staff on pending legislation.

(c) The Authority Board in directing staff may take a position on pending or proposed legislation that has been determined to have a potential impact on the Authority's operations and functions.

(d) In cases where fast moving legislation requires immediate response prior to an Authority Board meeting, Authority staff, in consultation with the Authority Board Chairperson, Vice Chairperson, or Chairperson's designee, will be authorized to advocate a position provided that staff has determined that such action is consistent with the Board's approved general legislative agenda. Such staff initiated positions shall be brought to the Board at the Board's next scheduled meeting.

(e) Authority staff and the Authority's legislative advocates shall follow the Board's approved legislative agenda and specific positions to guide any actions taken on behalf of the Authority concerning legislative matters. These actions may include:

(1) written correspondence to federal, state, or local elected or appointed officials communicating the Authority's position on legislation.

(2) advocating the Authority's policy positions before governmental bodies and other decision-making bodies.

(3) meeting with federal, state, or local elected officials or their staff to discuss Authority positions and concerns.

[Amended by Resolution No. 2007-0011 dated February 1, 2007]
[Resolution No. 03-072 R dated November 10, 2003.]

TABLE OF CONTENTS
FOR
POLICIES

ARTICLE 2

ETHICS

[Contains policies for the conduct of the Authority's Board of Directors, officers and employees.]

Section No.	Title
	Part 2.0 - Ethics and Conduct
2.01	Conduct of Members of the Board of Directors, Officers and Employees
2.02	Distribution of Tickets and Passes by the Authority
	[Reserved (2.03-2.99)]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 2 - ETHICS
PART 2.0 - ETHICS AND CONDUCT
SECTION 2.01 - CONDUCT OF MEMBERS OF THE BOARD OF DIRECTORS, OFFICERS AND EMPLOYEES

PURPOSE: To establish a policy that governs the ethical conduct of members of the Board of Directors, officers and employees of the San Diego County Regional Airport Authority (the "**Authority**"), and ensure public confidence in the integrity of the Authority and its effective and fair operation.

POLICY STATEMENT:

(1) The Authority was established by the State of California to improve air transportation service and planning for the County of San Diego. The citizens and businesses of the County of San Diego are entitled to fair, ethical and accountable regional government that has earned the public's full confidence for integrity. The effective functioning of good government requires that:

(a) Public officials, both elected and appointed, shall comply with both the letter and spirit of the laws affecting the operations of government;

(b) Public officials shall be independent, impartial and fair in their judgment and actions;

(c) Public office shall be used for the public good, not for personal gain; and

(d) Public deliberations and processes shall be conducted openly, unless legally confidential, in an atmosphere of respect and civility.

(2) The Authority may adopt, institute and maintain a Code of Ethics and Conduct, Conflicts of Interest Code and any other policies and codes to further the objectives set forth in this policy.

[Amended by Resolution No. 2008-0029 dated March 6, 2008.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 2 - ETHICS
PART 2.0 - ETHICS AND CONDUCT
SECTION 2.02 - DISTRIBUTION OF TICKETS AND PASSES BY THE AUTHORITY

PURPOSE: To establish a policy pursuant to Fair Political Practices Commission ("FPPC") Regulation §18944.1 for the distribution of tickets and passes to members of the Board, officers, and employees of the San Diego County Regional Airport Authority ("Authority").

BACKGROUND: The Political Reform Act regulates the receipt, limits and reporting of gifts received by public officials. Cal. Gov. Code §§ 81000 *et seq.* "Gift" is defined as "any payment that confers a personal benefit on the recipient, to the extent that consideration of equal or greater value is not received . . ." Cal. Gov. Code §82028(a). Exceptions are listed in Cal. Gov. Code §82028(b). "Gifts" include tickets and passes that provide admission to a facility, event, show, or performance for an entertainment, amusement, recreational, or similar purpose. However, FPPC Regulation 18944.1(b) provides that tickets or passes given to an official of a government agency by the official's agency or a source other than the official's agency will not be considered a gift when the distribution in made in accordance with certain specified conditions. This Policy enumerates the conditions stated in FPPC Regulation 18944.1(b).

POLICY STATEMENT:

(1). Definitions. Unless otherwise provided herein, the words and terms used in this policy shall have the same meaning as that ascribed to such words and terms in the Political Reform Act, as amended, and FPPC Regulations (Title 2, Division 6 of the California Code of Regulations, §§18110 *et seq.*, as amended).

(a) "Authority Official" shall mean any Board member, officer, or employee of the Authority.

(b) "Behest of" shall mean a request or order.

(c) "Form 700 Filer" shall mean any Authority Official required by the Authority's Ethics Codes to file a Statement of Economic Interest Form 700 with the Clerk of the Authority.

(d) "Form 802" shall mean the current FPPC form used to report the distribution of a ticket or pass pursuant to this Policy.

(d) "Immediate Family" shall mean the spouse and dependent children of an Authority Official.

(e) "Ticket/Pass Administrator" shall mean the Authority officer or employee designated by the President/CEO and charged with the responsibility of implementing and administering this Policy.

(2) Applicability and Objective of Policy.

(a) Applicability. This Policy applies to tickets and passes distributed by the Authority to Authority Officials which provide admission to a facility, event, show, or performance for an entertainment, amusement, recreational, or similar purpose and which are either:

[i] Gratuitously provided to the Authority by an outside source;

[ii] Acquired by the Authority pursuant to the terms of a contract for use of Authority property;

[iii] Acquired by the Authority because the Authority controls the event to which the ticket or pass provides admission;

[iv] Purchased by the Authority at fair market value; or

[v] Acquired from a third party at the behest of an Authority Official made to a third party.

(b) Non-applicability. This Policy does not apply to:

[i] Tickets or passes distributed by the Authority to persons other than Authority officials or organizations.

[ii] Tickets or passes distributed by the Authority to Authority Officials in order to permit the receiving Authority Official to perform work or job functions at the event that are directly and substantially related to their employment with the Authority.

[iii] Tickets or passes that are provided to an Authority Official by a source other than the Authority for admission to an event at which the Authority Official performs a ceremonial role or function on behalf of the Authority. FPPC Regulation §18944.1(a).

[iv] Tickets or passes distributed by the Authority to an Authority Official and the receiving official treats the ticket or pass as income in accordance with applicable income statutes, the Authority reports the distribution of the ticket or pass as income, and distribution is reported on a Form 802. When the Authority Official is a designated Form 700 Filer, the official shall be responsible for determining whether the income represented by the ticket or pass must be reported on the official's statement of economic interests.

[v] Any other benefit an Authority Official may receive at the event that is not included with the admission such as food or beverages or any other item presented to the official.

(c) Objective. This Policy provides the terms and conditions under which tickets distributed by the Authority to Authority Officials will not be subject to the gift limitations and reporting requirements of the Political Reform Act.

(3). Policy for Distribution of Tickets or Passes.

(a) Public Purpose. Each ticket or pass distributed pursuant to this Policy shall promote at least one of the following public purposes:

[i] Promotion of the Airport;

[ii] Increasing the use of the Airport by common air carriers;

[iii] Gathering public input on the Airport, aircraft use of the Airport, or Airport construction projects;

[iv] Promoting Airport safety and security;

[v] Promoting the Authority's relationship with local, regional, state, and federal government agencies;

[vi] Promoting the Authority's relationship with companies and organizations associated with the airline industry as well as actual and potential Airport tenants;

[vii] Encouraging and recognizing the participation of small and local business in contracting with the Authority;

[viii] Promoting and rewarding volunteer public service that assists the Authority or advances the interests of the Airport;

[ix] Attracting or retaining highly qualified Authority employees.

[x] Recognizing the meritorious service of Authority employees in advancing the interests of the Authority and/or the Airport.

(b) Transfer of Tickets. An Authority Official who receives tickets or passes pursuant to this Policy shall not transfer any such ticket or pass to any other person, except to members of the Authority Official's immediate family solely for their personal use.

(c) Authority Receipt of Tickets or Passes. All tickets or passes received by the Authority shall be processed in accordance with this Policy by the Ticket/Pass Administrator. The Ticket/Pass Administrator shall maintain a written record of

all tickets or passes received by the Authority. No Authority Official shall make a behest for tickets or passes from a third party without authorization from the President/CEO or the Ticket/Pass Administrator. The Authority shall take receipt only of tickets or passes that conform to the requirements of this Policy.

(d) Distribution of Tickets. The Ticket/Pass Administrator shall establish procedures for the distribution of tickets or passes in accordance with this Policy. The distribution of tickets or passes shall be subject to the following requirements:

[i] For tickets and passes provided by an outside source:

[a] The original source of the ticket or pass shall not have designated the Authority Official to whom the ticket or pass is to be distributed. The Ticket/Pass Administrator shall refuse to accept any ticket or pass when the source of the ticket or pass designates the Authority Official to whom the ticket or pass is to be distributed.

[b] The Ticket/Pass Administrator shall determine the Authority Official to whom the ticket or pass is to be distributed. The Ticket/Pass Administrator shall not be eligible for receipt of a ticket or pass pursuant to this Code.

[ii] For all tickets and passes distributed by the Authority, the Ticket/Pass Administrator, within thirty (30) days of the distribution of each ticket or pass, shall:

[a] Report each ticket or pass distributed by the Authority pursuant to this Policy using Form 802;

[b] Take necessary action to cause each completed Form 802 to be posted, in prominent fashion on the Authority's website.

[Adopted by Resolution No. 2010-0037 dated April 1, 2010.]

TABLE OF CONTENTS
FOR
POLICIES

ARTICLE 3

PERSONNEL

[Addresses various employment, human resources and employee benefit matters for the Authority's personnel.]

Section No.	Title
	Part 3.0 - Personnel and Employment Matters
3.01	Human Resources System to Govern Personnel and Employment Matters
3.02	Employer-Employee Relations Policy
3.03	Special Military Leave Policy
	Part 3.3 – Employee Reimbursement
3.30	Business Expense Reimbursement Policy
3.31	Executive Level Relocation Program Policy
	Part 3.4 – Board Reimbursement
3.40	Travel and Lodging Expense Reimbursement Policy
	[Reserved (3.50-3.99)]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 3 - PERSONNEL
PART 3.0 - PERSONNEL AND EMPLOYMENT MATTERS
SECTION 3.01 - HUMAN RESOURCES SYSTEM TO GOVERN PERSONNEL AND EMPLOYMENT MATTERS

PURPOSE: To establish a human resources system for the San Diego County Regional Airport Authority (the "**Authority**") governing personnel and employment matters for all officers and employees appointed by the Authority's Executive Director (the "**Executive Director**").

POLICY STATEMENT:

The following provisions shall conform with all applicable federal and state laws:

(1) To ensure that the Authority shall have the ability to carry out its mission and operations to provide continuing public services, the Authority shall retain the sole and exclusive right, responsibility and authority to manage the Authority's functions and services and the work force performing these services including, but not limited to, the following rights:

(a) To determine: the standards and levels of services to be rendered; operations to be performed; utilization of technology, equipment and facilities; location, means and method of operations; overall budgetary matters including, but not limited to, the right to contract or subcontract any work, services or operations of any department consistent with law;

(b) To direct and manage the employees of the Authority's departments; to determine the appropriate number, qualifications and job classifications, organizational structure and levels of personnel required; to determine the size and composition of all departments and to establish work schedules and assignments;

(c) To establish performance standards for employees and to require compliance therewith;

(d) To take whatever actions may be necessary to carry out the mission and operations of the Authority and its departments in situations of disaster or emergency; and

(e) To implement policies, codes and procedures consistent with applicable law.

(2) To foster an employment environment based on performance excellence and high achievement, where all employees in positions that meet standards for exemption from the provisions of the federal Fair Labor Standards Act, as determined by the Authority, shall be "At Will" employees and shall hold their positions at the pleasure of the Executive Director. All

other positions shall constitute the Authority's classified service and employees in such positions shall be appointed, promoted, disciplined, demoted and dismissed in accordance with the policies and procedures established for the classified service;

(3) To promote and encourage diversity in its employment practices;

(4) To promote a positive labor relations environment, policies and procedures established to carry out the purposes of this policy shall not infringe upon any rights or benefits that members of employee organizations may enjoy pursuant to the terms and conditions of any applicable memorandum of understanding negotiated by the Authority subject to the provisions of this policy and applicable federal and state laws; and

(5) To establish the Authority's salary and benefit plans for officers and employees which shall be subject to budgetary approval by the Board. The Executive Director is responsible for administering salaries and benefits for individual officers and employees appointed by the Executive Director.

The Board authorizes the Executive Director to: establish personnel policies and procedures governing all personnel and employment matters subject to the provisions set forth above; administer such personnel policies and procedures and Board-approved salary and benefit plans; and settle personnel and employment disputes up to $25,000 with the advice of the Authority's General Counsel or his or her designee.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 3 - PERSONNEL
PART 3.0 - PERSONNEL AND EMPLOYMENT MATTERS
SECTION 3.02 - EMPLOYER-EMPLOYEE RELATIONS POLICY

PURPOSE: This policy is intended to strengthen any existing or future merit and other methods of administering employer-employee relations through the establishment of uniform and orderly methods of communication among the San Diego County Regional Airport Authority (hereafter "**Authority**"), its employees and employee organizations.

POLICY STATEMENT:

This policy provides procedures for the orderly administration of employer-employee relations between the Authority and its employee organizations, including procedures for meeting and conferring in good faith with Exclusively Recognized Employee Organizations (as defined below) regarding matters that directly affect the wages, hours and other terms and conditions of employment of employees in Appropriate Units (as defined below) and that are not preempted by federal or state law.

This policy implements Chapter 10, Division 4, Title 1 of the Government Code of the State of California (Sections 3500, et seq.) captioned "Local Public Employee Organizations." However, nothing contained herein shall be deemed to supersede the provisions of state law, Authority ordinances, Policies, Codes and rules which establish and regulate any merit and/or other system, or which provide for other methods of administering employer-employee relations. Moreover, nothing contained herein shall be construed to restrict any legal or inherent exclusive Authority rights with respect to matters of general legislative or managerial Policy, which include, among others, the Authority's exclusive right to: determine the mission of its constituent departments, commissions and boards; set standards of service; determine the procedures and standards of selection for employment; direct its employees; take disciplinary action in accordance with federal and state law and applicable Authority rules and regulations; relieve its employees from duty because of lack of work or for other lawful reasons; determine the content of job classifications; subcontract and/or transfer work out of the unit; maintain the efficiency of governmental operations; determine the methods, means and personnel by which government operations are to be conducted; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work. The rights set forth herein shall not abrogate or in any way supersede the duty to meet and confer as established by California Government Code section 3500, et seq.

(1) Definitions.

As used in this Policy, the following terms shall have the meanings indicated:

(a) "**Appropriate Unit**" means a unit of employee classes or positions, established pursuant to Section 2.

(b) "**Authority**" means the San Diego County Regional Airport Authority, and, where appropriate herein, refers to the Authority Board acting as such or any duly authorized Authority representative as herein defined.

(c) "**Confidential Employee**" means an employee who, in the course of his or her duties, has access to confidential information relating to the Authority's administration of employer-employee relations.

(d) "**Consult/Consultation**" means to communicate orally or in writing with all affected employee organizations, whether exclusively recognized or not, for the purpose of presenting and obtaining views or advising of proposed actions in an effort to reach a consensus; and, as distinguished from meeting and conferring in good faith regarding matters within the required scope of such meet and confer process as established by statutory and decisional law, does not involve an exchange of proposals and counterproposals with an Exclusively Recognized Employee Organization in an endeavor to reach agreement in the form of a Memorandum of Understanding, nor is it subject to Section 4.

(e) "**Day**" means calendar day unless expressly stated otherwise.

(f) "**Employee Relations Officer**" means the Executive Director/President and Chief Executive Officer or his/her duly authorized representative.

(g) "**Exclusively Recognized Employee Organization**" means an employee organization that has been formally acknowledged by the Authority as the sole employee organization representing the employees in an Appropriate Unit pursuant to Section 2, having the exclusive right to meet and confer in good faith concerning statutorily required subjects pertaining to unit employees, and thereby assuming the corresponding obligation of fairly representing such employees.

(h) "**Impasse**" means that the representatives of the Authority and an Exclusively Recognized Employee Organization have reached a point in their meeting and conferring in good faith where their differences on matters to be included in a Memorandum of Understanding, and concerning which they are required to meet and confer, remain so substantial and prolonged that further meeting and conferring would be futile.

(i) "**Management Employee**" means an employee having responsibility for formulating, administering or managing the implementation of Authority policies and programs.

(j) "**Proof of Employee Support**" means (1) an authorization card recently signed and personally dated by an employee, or (2) a verified authorization petition or petitions recently

signed and personally dated by an employee, or (3) employee dues deduction authorization, using the payroll register for the period immediately prior to the date a petition is filed hereunder, except that dues deduction authorizations for more than one employee organization for the account of any one employee shall not be considered as Proof of Employee Support for any employee organization. If an authorization petition is submitted, the petition shall clearly indicate that employees desire to be represented by the employee organization for purposes of meeting and conferring on wages, hours and other terms and conditions of employment. The only authorization which shall be considered as Proof of Employee Support hereunder shall be the authorization last signed by an employee. The words "**recently signed**" shall mean within ninety (90) days prior to the filing of a petition.

(k) "**Supervisory Employee**" means any employee having authority, in the interest of the Authority, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibly to direct them, or to adjust their grievances, or effectively to recommend such action if, in connection with the foregoing, the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent and discretionary judgment.

(2) Representation Proceedings.

(a) Filing of Recognition Petition by Employee Organization.

An employee organization which seeks to be formally acknowledged as an Exclusively Recognized Employee Organization representing the employees in an Appropriate Unit shall file a petition ("**Recognition Petition**") with the Employee Relations Officer containing the following information and documentation:

(i) Name and address of the employee organization.

(ii) Names and titles of its officers.

(iii) Names of employee organization representatives who are authorized to speak on behalf of the organization.

(iv) A statement that the employee organization has, as one of its primary purposes, the responsibility of representing employees in their employment relations with the Authority.

(v) A statement whether the employee organization is a chapter of, or affiliated directly or indirectly in any manner, with a local, regional, state, national or international organization, and, if so, the name and address of each such other organization.

(vi) Certified copies of the employee organization's constitution and bylaws.

(vii) A designation of those persons, not exceeding two in number, and their addresses, to whom notice sent by regular United States mail will be deemed sufficient notice on the employee organization for any purpose.

(viii) A statement that the employee organization has no restriction on membership based on race, color, religion, creed, sex, national origin, age, sexual orientation, mental or physical disability or medical condition.

(ix) The job classifications or position titles of employees in the unit claimed to be appropriate and the approximate number of employees therein.

(x) A statement that the employee organization has in its possession Proof of Employee Support as herein defined to establish that a minimum of thirty percent (30%) of the employees in the unit claimed to be appropriate have designated the employee organization to represent them in their employment relations with the Authority. Such written proof shall be submitted for confirmation to the Employee Relations Officer or to a mutually agreed upon disinterested third party.

If the Proof of Employee Support shows that a majority of the employees in the Appropriate Unit have designated the petitioning employee organization to represent them, and if no other employee organization filed a challenging petition, the petitioning employee organization and the Employee Relations Officer shall request the California State Mediation and Conciliation Service, or another agreed upon neutral third party, to review the count, form, accuracy and propriety of the Proof of Employee Support. If the neutral third party makes an affirmative determination, the Employee Relations Officer shall formally acknowledge the petitioning employee organization as the Exclusive Recognized Employee Organization for the designated unit.

(xi) A request that the Employee Relations Officer formally acknowledge the petitioner as the Exclusively Recognized Employee Organization representing the employees in the unit claimed to be appropriate for the purpose of meeting and conferring in good faith.

The Recognition Petition, including the Proof of Employee Support and all accompanying documentation, shall be declared to be true, correct and complete, under penalty of perjury, by the duly authorized officer(s) of the employee organization executing it.

(b) Authority Response to Recognition Petition.

Upon receipt of the Recognition Petition, the Employee Relations Officer shall determine whether:

(i) There has been compliance with the requirements of the Recognition Petition, and

(ii) The proposed representation unit is an Appropriate Unit in accordance with Section 2(f).

If an affirmative determination is made by the Employee Relations Officer on the foregoing two matters, he/she shall so inform the petitioning employee organization within fifteen (15) working days, shall give written notice of such request for recognition to the employees in the unit and shall take no action on said request for thirty (30) days thereafter. If

either of the foregoing matters are not affirmatively determined, the Employee Relations Officer shall notify within fifteen (15) working days and offer to Consult within ten (10) working days with, such petitioning employee organization and, if such determination thereafter remains unchanged, shall inform that organization of the reasons therefore in writing. The petitioning employee organization may appeal such determination in accordance with Section 2(i).

(c) Open Period for Filing Challenging Petition

Within thirty (30) days of the date written notice was given to affected employees that a valid recognition petition for an Appropriate Unit has been filed, any other employee organization may file a competing request to be formally acknowledged as the Exclusively Recognized Employee Organization of the employees in the same or in an overlapping unit (one which corresponds with respect to some, but not all the classifications or positions set forth in the recognition petition being challenged), by filing a petition evidencing Proof of Employee Support in the unit claimed to be appropriate of at least thirty (30) percent and otherwise in the same form and manner as set forth in Section 2(a). If such challenging petition seeks establishment of an overlapping unit, the Employee Relations Officer shall call for a hearing on such overlapping petitions for the purpose of ascertaining the more Appropriate Unit, at which time the petitioning employee organizations shall be heard. Thereafter, the Employee Relations Officer shall determine the Appropriate Unit or Units in accordance with the standards in Section 2(f). The petitioning employee organizations shall have fifteen (15) days from the date notice of such unit determination is communicated to them by the Employee Relations Officer to amend their petitions to conform to such determination or to appeal such determination pursuant to Section 2(i).

(d) Election Procedure.

The Employee Relations Officer shall arrange for a secret ballot election to be conducted by a party agreed to by the Employee Relations Officer and the concerned employee organization(s), in accordance with such party's rules and procedures subject to the provisions of this Policy. All employee organizations who have duly submitted petitions which have been determined to be in conformance with this Section 2 shall be included on the ballot. The ballot shall also reserve to employees the choice of representing themselves individually in their employment relations with the Authority. Employees entitled to vote in such election shall be those persons employed in regular permanent positions within the designated Appropriate Unit who were employed during the pay period immediately prior to the date which ended at least fifteen (15) days before the date the election commences, including those who did not work during such period because of illness, vacation or other authorized leaves of absence, and who are employed by the Authority in the same unit on the date of the election. An employee organization shall be formally acknowledged as the Exclusively Recognized Employee Organization for the designated Appropriate Unit following an election or run off election if it received a numerical majority of all valid votes cast in the election. In an election involving three or more choices, where none of the choices receives a majority of the valid votes cast, a run off election shall be conducted between the two choices receiving the largest number of valid votes cast; the rules governing an initial election are applicable to a run off election.

There shall be no more than one valid election under this Policy pursuant to any petition in a 12-month period affecting the same unit.

In the event that the parties are unable to agree on a third party to conduct an election, the election shall be conducted by the California State Mediation and Conciliation Service.

Costs of conducting elections shall be borne in equal shares by the Authority and by each employee organization appearing on the ballot.

(e) Procedure for Decertification of Exclusively Recognized Employee Organization.

A decertification petition ("**Decertification Petition**") alleging that the incumbent Exclusively Recognized Employee Organization no longer represents a majority of the employees in an established Appropriate Unit may be filed with the Employee Relations Officer at any time following the first full year of recognition, provided however, that if a Memorandum of Understanding is in effect for less than a three-year period of time, then a decertification petition may only be filed during the thirty (30) day period commencing one hundred twenty (120) days prior to the termination date of the Memorandum of Understanding then having been in effect less than three (3) years. (If the Memorandum of Understanding is in effect for a time period greater than three (3) years, then the Decertification Petition may also be filed at any time following the expiration of the three-year period.) A Decertification Petition may be filed by two or more employees or their representative, or an employee organization, and shall contain the following information and documentation declared by the duly authorized signatory under penalty of perjury to be true, correct and complete:

(i) The name, address and telephone number of the petitioner and a designated representative authorized to receive notices or requests for further information.

(ii) The name of the established Appropriate Unit and of the incumbent Exclusively Recognized Employee Organization sought to be decertified as a representative of that unit.

(iii) An allegation that the incumbent Exclusively Recognized Employee Organization no longer represents a majority of the employees in the Appropriate Unit, and any other relevant and material facts relating thereto.

(iv) Proof of Employee Support that at least thirty (30) percent of the employees in the established Appropriate Unit no longer desire to be represented by the incumbent Exclusively Recognized Employee Organization. Such proof shall be submitted for confirmation to the Employee Relations Officer or to a mutually agreed upon disinterested third party within the time limits specified in the first paragraph of this Section.

(v) An employee organization may, in satisfaction of the Decertification Petition requirements hereunder, file a Petition under this Section in the form of a Recognition Petition that evidences Proof of Employee Support of at least thirty (30) percent, that includes the allegation and information required under Section 2(e), and otherwise conforms to the requirements of Section 2(a).

The Employee Relations Officer shall initially determine whether the Recognition Petition has been filed in compliance with the applicable provisions of this Section 2. If his/her determination is in the negative, he/she shall offer to Consult thereon with the representative(s) of such Petitioning employees or employee organization and, if such determination thereafter remains unchanged, shall return such Petition to the employees or employee organization with a statement of the reasons therefore in writing. The petitioning employees or employee organization may appeal such determination in accordance with Section 2(i). If the determination of the Employee Relations Officer is in the affirmative, or if his negative determination is reversed on appeal, he/she shall give written notice of such Decertification or Recognition Petition to the incumbent Exclusively Recognized Employee Organization and to unit employees.

The Employee Relations Officer shall thereupon arrange for a secret ballot election to be held on or about fifteen (15) days after such notice to determine the wishes of unit employees as to the question of decertification and, if a Recognition Petition was duly filed hereunder, the question of representation. Such election shall be conducted in conformance with Section 2(d).

If, pursuant to Section 2(e), a different employee organization is formally acknowledged as the Exclusively Recognized Employee Organization, such organization shall be bound by all the terms and conditions of any Memorandum of Understanding then in effect for its remaining term.

(f) Policy and Standards for Determination of Appropriate Units.

The Policy objectives in determining the appropriateness of units shall be the effect of a proposed unit on (1) the efficient operations of the Authority and its compatibility with the primary responsibility of the Authority and its employees to effectively and economically serve the public, and (2) providing employees with effective representation based on recognized community of interest considerations. These Policy objectives require that the Appropriate Unit shall be the broadest feasible grouping of positions that share an identifiable community of interest. Factors to be considered shall be:

(i) Similarity of the general kinds of work performed, types of qualifications required, and the general working conditions.

(ii) History of representation in the Authority and similar employment; except however, that no unit shall be deemed to be an Appropriate Unit solely on the basis of the extent to which employees in the proposed unit have organized.

(iii) Consistency with the organizational patterns of the Authority.

(iv) Number of employees and classifications, and the effect on the administration of employer-employee relations created by the fragmentation of classifications and proliferation of units.

(v) Effect on the classification structure and impact on the stability of the employer-employee relationship of dividing a single or related classifications among two or more units.

(vi) Effect of differing legally mandated impasse Policy procedures.

Notwithstanding the foregoing provisions of this Section, managerial, supervisory and confidential responsibilities, as defined in Section 1, are determining factors in establishing Appropriate Units hereunder, and therefore Management, Supervisory and Confidential Employees may only be included in a unit consisting solely of Management, Supervisory or Confidential Employees, respectively. Management, Supervisory and Confidential Employees may not represent any employee organization which represents other employees.

The Employee Relations Officer shall, after notice and Consultation with affected employee organizations, allocate new classifications or positions, delete eliminated classifications or positions, and retain, reallocate or delete modified classifications or positions from units in accordance with the provisions of this Section. The decision of the Employee Relations Officer shall be final to the extent the decision withstands any appeals pursuant to (Section 2(i)) herein.

(g) Procedure for Modification of Established Appropriate Units.

Requests by employee organizations for modifications of established Appropriate Units may be considered by the Employee Relations Officer where appropriate. Such requests shall be submitted in the form of a Unit Modification Petition that shall meet the requirements set forth in Section 2(a), and shall also contain a complete statement of all relevant facts and citations in support of the proposed modified unit in terms of the policies and standards set forth in Section 2(f). The Employee Relations Officer shall process and determine the Unit Modification Petition in accordance with Section 2(b). The Employee Relations Officer's determination may be appealed as provided in Section 2(i).

The Employee Relations Officer may propose that an established unit be modified. The Employee Relations Officer shall give written notice of the proposed modification(s) to any affected employee organization and shall hold a meeting concerning the proposed modification(s), at which time all affected employee organizations shall be heard. Thereafter, the Employee Relations Officer shall determine the composition of the Appropriate Unit or Units in accordance with Section 2(f), and shall give written notice of such determination to the affected employee organizations. The Employee Relations Officer's determination may be appealed as provided in Section (2)(i). If a unit is modified pursuant to the motion of the Employee Relations Officer hereunder, employee organizations may thereafter file Recognition Petitions seeking to become the Exclusively Recognized Employee Organization for any new classification(s) pursuant to Section 2(a).

(h) Procedure for Processing Severance Requests.

An employee organization may file a request to become the recognized employee organization of a unit alleged to be appropriate that consists of a group of employees who are already a part of a larger established unit represented by another recognized employee organization. The timing, form and processing of such request shall be as specified in Section 2(g) for modification requests.

(i) Appeals.

An employee organization aggrieved by a determination of the Employee Relations Officer regarding a Recognition Petition (Section 2(a)), Challenging Petition (Section 2(c)), Procedure for Decertification (Section 2(e)), Policy and Standards for Determination of Appropriate Units (Section 2(f)), Procedure for Modification (Section 2(g)), or Procedure for Processing Severance (Section 2(h)) may, within ten (10) days of notice thereof, submit the matter to mediation by requesting the intervention of the California State Mediation and Conciliation Service or may, in lieu thereof or thereafter, appeal such determination to the Authority Board for final decision within fifteen (15) days of notice of the Employee Relations Officer's determination or the termination of mediation, whichever is later.

If a group of employees has filed a Decertification Petition and they are aggrieved by a determination of the Employee Relations Officer regarding the processing of such petition, the employees may use the appeal process outlined above.

Appeals to the Authority Board shall be filed in writing with the Executive Director/President and Chief Executive Officer, and a copy thereof served on the Employee Relations Officer. The Authority Board shall commence to consider the matter within thirty (30) days of the filing of the appeal or such later time as is practicable. The Authority Board may, in its discretion, refer the dispute to a third-party hearing process. Any decision of the Authority Board on the use of such procedure, and/or any decision of the Authority Board determining the substance of the dispute shall be final and binding.

(3) Administration.

(a) Submission of Current Information by Recognized Employee Organizations.

All changes in the information filed with the Authority by an Exclusively Recognized Employee Organization under items (i) through (viii) of its Recognition Petition under Section 2(a) shall be submitted in writing to the Employee Relations Officer within fourteen (14) days of such change.

(b) Employee Organization Activities — Use of Authority Resources.

Access to Authority work locations and the use of Authority paid time, facilities, equipment and other resources by employee organizations and those representing them shall be authorized only to the extent provided for in Memoranda of Understanding and/or administrative procedures, shall be limited to lawful activities consistent with the provisions of this Policy that pertain directly to the employer-employee relationship and not such internal employee organization business as soliciting membership, campaigning for office, and organization meetings and elections, and shall not interfere with the efficiency, safety and security of Authority operations.

(c) Administrative Rules and Procedures.

The Executive Director/President and Chief Executive Officer is hereby authorized to establish such rules and procedures as appropriate to implement and administer the provisions of this Policy after Consultation with affected employee organizations.

(4) Impasse Procedures.

(a) Initiation of Impasse Procedures.

If the meet and confer process has reached Impasse as defined in Section 2 of this Policy, either party may initiate the impasse procedures by filing with the other party a written request for an impasse meeting, together with a statement of its position on all issues. An impasse meeting shall then be scheduled promptly by the Employee Relations Officer. The purpose of such meeting shall be:

(i) To review the position of the parties in a final effort to reach agreement on a memorandum of understanding; and

(ii) If the Impasse is not resolved, to discuss arrangements for the utilization of the impasse procedures provided herein.

(b) Specific Impasse Procedures.

Impasse procedures are as follows:

(i) If the parties agree to submit the dispute to mediation, and agree on the selection of a mediator, the dispute shall be submitted to mediation. All mediation proceedings shall be private. The mediator shall make no public recommendation, nor take any public position at any time concerning the issues.

(ii) If the parties fail to agree to submit the dispute to mediation or fail to agree on the selection of a mediator, or fail to resolve the dispute through mediation within fifteen (15) days after the mediator commenced meeting with the parties, the parties may agree to submit the Impasse to fact-finding.

If the parties agree on fact-finding, they may agree on the appointment of one or more fact-finders. If they fail to so agree on one or more fact-finders, a fact-finding panel of three (3) shall be appointed in the following manner: One member of the panel shall be appointed by the Employee Relations Officer, one member shall be appointed by the Exclusively Recognized Employee Organization, and those two shall name a third, who shall be the chairperson. If they are unable to agree upon a third, they shall select by agreement the third member from one or more lists of seven (7) names of individuals having fact-finding experience in the municipal sector to be provided by the California State Mediation and Conciliation Service.

The following constitute the jurisdictional and procedural requirements for fact-finding:

(i) The fact-finders shall consider and be guided by applicable federal and state laws (and Charter provisions).

(ii) Subject to the stipulations of the parties, the fact-finders shall determine and apply the following measures and criteria in arriving at their findings and recommendations:

(A) First, as relevant to the issues in dispute, the fact-finders shall compare the total compensation, hours and conditions of employment of the employees involved in the fact-finding proceeding with the total compensation, hours and conditions of employment of other employees performing similar services in public and private employment in the same and comparable communities. "**Total compensation**" shall mean all wage compensation, including but not limited to premium, incentive, minimum, standby, out-of-class and deferred pay; all paid leave time; all allowances, including but not limited to educational and uniform benefits; and employer payments for all health, welfare and pension benefits.

(B) The fact-finders shall then adjust the results of the above comparisons based on the following factors:

(1) The compensation necessary to recruit and retain qualified personnel.

(2) Maintaining compensation relationships between job classifications and positions within the Authority.

(3) The pattern of change that has occurred in the total compensation of the employees in the unit at Impasse as compared to the pattern of change in the average "consumer price index" for goods and services, and the pattern of change in wages and compensation of other wage earners.

- The fact-finder(s) shall then determine preliminary recommendations based on the comparisons as adjusted above which, however, shall be reduced as appropriate based on the financial resources of the Authority to implement them. In assessing the Authority's financial resources, the fact-finder(s) shall be bound by the following:

  (i) Other legislatively determined and projected demands on agency resources, i.e., budgetary priorities as established by the governing body; and

  (ii) Allowance for equitable compensation increases for other employees and employee groups for the corresponding fiscal period(s); and

  (iii) Revenue projections not to exceed currently authorized tax and fee rates for the relevant fiscal year(s); and

  (iv) Assurance of sufficient and sound budgetary reserves; and

(v) Constitutional, statutory (and charter) limitations on the level and use of revenues and expenditures.

- The fact-finders shall make written findings of fact, and advisory recommendations for the Policy of the issues in dispute, which shall be presented in terms of the criteria, adjustments, and limitations specified above. Any member of a fact-finding panel shall be accorded the right to file dissenting written findings of fact and recommendations. The fact-finder or chairperson of the fact-finding panel shall serve such findings and recommendations on the Employee Relations Officer and the designated representative of the Exclusively Recognized Employee Organization. If these parties have not resolved the impasse within ten (10) days after service of the findings and recommendations upon them, the fact-finder or the chairperson of the fact-finding panel shall make them public by submitting them to the Executive Director for consideration by the Authority Board in connection with the Board's legislative consideration of the Impasse.

If the parties did not agree on mediation or the selection of a mediator and did not agree on fact-finding, or having so agreed, the Impasse has not been resolved, then the Authority Board may take such action regarding the Impasse as it in its discretion deems appropriate as in the public interest. Any legislative action by the Authority Board on the Impasse shall be final and binding.

(c) Costs of Impasse Procedures.

The cost for the services of a mediator and fact-finder or chairperson of a fact-finding panel utilized by the parties, and other mutually incurred costs of mediation and fact-finding, shall be borne equally by the Authority and Exclusively Recognized Employee Organization. The cost for a fact-finding panel member selected by each party, and other separately incurred costs, shall be borne by such party.

(5) Miscellaneous Provisions.

(a) Construction.

This Policy shall be administered and construed as follows:

(i) Nothing in this Policy shall be construed to deny to any person, employee, organization, the Authority, or any authorized officer, body or other representative of the Authority, the rights, powers and authority granted by federal or state law.

(ii) This Policy shall be interpreted so as to carry out its purpose as set forth herein.

(iii) This Policy shall be construed in a manner consistent with any and all existing federal or state laws relating to employee-employer relations.

(b) Severability.

If any provision of this Policy, or the application of such provision to any persons or circumstances, shall be held invalid, the remainder of this Policy, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

[Resolution No. 03-018 dated April 3, 2003.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 3 - PERSONNEL
PART 3.0 - PERSONNEL AND EMPLOYMENT MATTERS
SECTION 3.03 - SPECIAL MILITARY LEAVE POLICY

PURPOSE: To establish a policy through which eligible classified service and at-will employees of the San Diego County Regional Airport Authority (hereafter "**Authority**") in the military reserve receive supplemental compensation and benefits from the Authority for a limited period when serving on active military duty.

POLICY STATEMENT:

To assist eligible Authority employees serving in the military reserve who when serving on active military duty, the Authority will supplement the compensation and/or benefits provided by applicable federal and/or state law as follows:

(1) Eligibility.

To be eligible to receive the supplemental compensation and benefits set forth in Section 2, Authority employees must meet all of the following criteria:

(a) Employed by the Authority (including service with the San Diego Unified Port District) as a classified service or at-will employee with out a break in service for at least twelve (12) months prior to the military leave;

(b) A member of the Military Reserve of the Armed Forces of the United States, the National Guard or the Naval Militia; and

(c) Recalled to and begin serving in active military duty as a result of deployment pursuant to Presidential order ("**Active Duty**") any time between May 1, 2003 and October 31, 2003 ("**Eligibility Window**").

Employees meeting these criteria are hereafter referred to as "**Eligible Employees.**"

The Board delegates to the Executive Committee or its designee the authority to modify, reinstate and/or extend the Eligibility Window at its discretion.

(2) Supplemental Compensation and Benefits.

Eligible Employees are entitled to receive the supplemental compensation and benefits set forth below for a maximum of one hundred eighty (180) days beginning on the first day of Active Duty ("**Eligible Period**"). The Eligible Period shall include any period during which an Eligible Employee receives compensation pursuant to Section 395.02 of the Military & Veterans Code, any Memorandum of Understanding between the Authority and its employees, or other applicable Authority policy.

An Eligible Employee is entitled to receive the following supplemental compensation and benefits during the Eligible Period:

(a) A sum equal to the Eligible Employee's normal gross bi-weekly pay (excluding any bonus or overtime compensation), ***less:*** (i) state, federal, and employee authorized deductions; (ii) any compensation received by the Eligible Employee from the military for Active Duty; and (iii) any compensation received by the Eligible Employee pursuant to Section 395.02 of the Military & Veterans Code, any Memorandum of Understanding between the Authority and its employees, or other applicable Authority policy;

(b) Continuation of the Eligible Employee's health and welfare benefits, subject to the terms and conditions of the applicable plan;

(c) Continuation of any supplemental and/or voluntary benefit plans in which the Eligible Employee participates through the Authority, subject to the terms and conditions of the applicable plan; and

(d) Continuation of accrual of annual paid leave.

[Resolution No. 03-023 dated May 1, 2003.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 3 - PERSONNEL
PART 3.3 - REIMBURSEMENT
SECTION 3.30 - BUSINESS EXPENSE REIMBURSEMENT POLICY

PURPOSE: To establish a policy for the reimbursement of business expenses for the members of the Board (the "**Board**") and employees of the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) Objectives. The objectives of this policy are to:

(a) Comply with applicable provisions of section 170017(d) of the San Diego County Regional Airport Authority Act, as amended, which provides that Board members may be paid for actual and necessary business expenses incurred while on official business;

(b) Ensure that the business expenses of Board members and employees are reasonable, cost-effective and necessary for the Authority's business;

(c) Indentify the conditions under which and the procedures by which Board members and employees may be reimbursed for authorized business expenses;

(d) Ensure that Board members and employees are reimbursed on a timely basis for all appropriate business expenses that they incur; and

(e) Incorporate applicable provisions of Government Code § 53232.2 – 53232.3.

(2) General Reimbursement Provisions.

(a) Board members and employees may be reimbursed for actual, necessary, and reasonable business expenses incurred in connection with a meeting on matters directly affecting the interests of the Authority when such meeting is with a member of the legislative, executive or judicial branch of the federal government, state government or local public agency; or is with an official of a business entity with whom the Authority currently has or has significant potential to be in a contractual relationship; or is demonstrably and directly related to the business of the Authority or operations of the airport. Necessary expenses are those that are helpful and appropriate for the advancement of the business interests of the Authority. The reasonableness of a particular expense shall be determined by considering all facts and circumstances associated with the expense and the potential benefit to the Authority.

(b) Reimbursement of Board members, the President/CEO, the General Counsel and/or Chief Auditor for any expense that does not fall within this policy shall require the approval of the Executive Committee at a regularly scheduled meeting. Reimbursement of employees for any expense that does not fall within this policy shall require the approval of the President/CEO.

(c) Board members attending meetings at the expense of the Authority shall provide a brief oral or written report at the next regularly scheduled meeting of the Board.

(d) All reimbursement requests should be submitted to the Administrator within a reasonable amount of time, but no later than thirty (30) days after incurring the expense.

(e) All business expense advances must be cleared no later than thirty (30) days after issuance of the advance.

(f) Should the Board member or employee owe the Authority for a portion of any unused advances, the Board member or employee must pay to the Authority the unused portion by cash or personal check.

(g) Failure to account for business expense advances within the required 30-day period may result in the suspension of privileges to obtain further advances. All reimbursement requests shall be in U.S. dollars, with sufficient supporting documentation for any corresponding currency conversion rates for expenses incurred outside of the United States.

(h) Expenses specifically excluded from this policy are: political contributions, specifically expenses incurred for the purpose of supporting or opposing or raising money to support or oppose any candidate, ballot measure, or political party; gifts to Board members and/or employees; expenses incurred with any club or organization that discriminates on the basis of race, gender, religion, sexual orientation or other legally protected criteria in its membership policy.

(i) Travel-related expenses, such as transportation, lodging, meals and incidental expenses are reimbursable pursuant to the provisions of Policy 3.40.

(3) <u>In-Town and Out-of Town Business Expenses</u>. This policy addresses the following types of business expenses:

(a) *In-town business expenses*, which are direct, out-of-pocket expenses incurred by an employee while conducting Authority business within 50 miles of the Authority's principal business office.

(b) *Out-of-town business expenses*, which are direct, out-of-pocket expenses incurred by an employee while conducting Authority business more than 50 miles from the Authority's principal business office.

(4) Administrator Review and Approval. Reimbursement of business expenses requires a responsible officer of the Authority (the "**Administrator**") to review and approve the reimbursement of business expenses in the manner set forth in this policy.

(a) Responsibilities of Administrator. An Administrator, in approving a request for reimbursement of business expenses, is responsible for ensuring that such request meets the requirements of this policy. In discharging this responsibility, the Administrator shall review the reimbursement request and supporting documentation to determine whether or not the request conforms to the standards and specifications in this policy. Specifically, the Administrator shall:

(1) Make inquiries as necessary to determine that the individual expenses are reasonable under the circumstances and directly related to the Authority's business;

(2) Confirm that each reimbursement request is accompanied by the documentation required in Section 6 of this policy;

(3) Verify that the documentation for each expense that is unusual in nature and/or amount adequately supports the reasonableness and necessity of the expense;

(4) Reject those expenses that are not consistent with this policy; and

(5) For those expenses that are approved for reimbursement, provide written certification that such expenses were reasonable and directly related to the Authority's business.

(b) Designation of Administrator. As used in this policy, the appropriate Administrator shall be designated in the below table. No Administrator may approve the reimbursement of a business expense that directly benefits the Administrator.

Authority Position	**Corresponding Administrator**
Board Member, President/CEO, General Counsel and Chief Auditor	(1) The Executive Committee will act as the Administrator, or (2) where delayed reimbursement would cause financial hardship and more timely reimbursement is requested, the Chair or the Board , or in the Chair's absence, the Chair's designee from the Executive Committee will act as the Administrator. All reimbursement requests approved by the Chair or the Chair's designee shall be subject to approval of the Executive Committee at its next meeting. All approved reimbursement requests will be presented to the Board for its information at its next regular meeting.

Vice President	Individual expenses under $250 require the approval of another Vice President; individual expenses of $250 or more require the approval of the President/CEO or his or her designee. If the President/CEO's designee is the Vice President requesting the reimbursement, then the President/CEO (and not a designee) must approve the reimbursement.
Department Head	Individual expenses under $250 require the approval of the corresponding Vice President; individual expenses of $250 or more require the approval of the President/CEO. If the President/CEO's designee is the Vice President of the Department Head requesting the reimbursement, then the President/CEO (and not a designee) must approve the reimbursement.
Other employees	Individual expenses under $250 require the approval of the Department Head; individual expenses of $250 or more require the approval of the President/CEO.

(c) Single Point of Contact. In order to provide for uniform and consistent application of this policy by Administrators reviewing requests for reimbursement of business expenses, the President/CEO may appoint a qualified individual to serve as the single point of contact for advising Administrators on the implementation of this policy.

(d) Annual Training. Each Administrator shall receive annual training regarding their duties and responsibilities pursuant to this policy. Such training may be incorporated with other regularly required training.

(5) Expense Reimbursement Forms.

(a) *In-town Business Expense Reimbursement Report.* All reimbursable in-town expenses (other than in-town mileage and parking expenses) are processed on a "Business Expense Reimbursement Report." Board members and employees must submit the Report to the Administrator no later than thirty (30) days after the incurrence of the corresponding expense.

(b) *In-town Monthly Mileage and Parking Fee Reimbursement Report.* Each Board member or employee who seeks reimbursement for in-town mileage and parking expenses must complete a "Monthly Mileage and Parking Fee Reimbursement Report" no later than thirty (30) days after the end of the corresponding calendar month.

(6) Supporting Documentation for All Authorization and Reimbursement Requests.

(a) For each authorization and reimbursement request, employees should clearly document and explain the business purpose of the proposed or actual expenditures, including, without limitation, the type of expenditure and the reason why such expenditure directly relates to Authority business.

(b) All expenses must be itemized (e.g., a detailed list of individual expenses, no groupings of expenses) in each authorization and reimbursement request. For example, if a Board member or employee pays for a meal of an Authority customer or business associate, then the name and business affiliation of the customer or business associate, as well as the purpose for the meeting, must be listed on the reimbursement request.

(c) The original, itemized, detailed receipts must be provided in all reimbursement requests. Each receipt must be imprinted with the name of the business and date. Reimbursement requests will not be processed without a related receipt, unless the Board member or employee submits a written statement of the circumstances why the receipt is not submitted. Excluded from this requirement are the payments of tips to taxi drivers, bellhops, room attendants, and others where receipts are generally not available or required.

(d) Reimbursement requests that have not been properly prepared, authorized or supported by documentation shall be returned to the Board member or employee within 14 days with the reasons given for not processing the claim.

(7) Approval for Reimbursement of Business Expenses.

(a) The Administrator will approve in writing each reimbursement request if the Administrator determines that the corresponding expenditure is a reimbursable expense under this policy.

(b) Board members or employees who are uncertain whether a proposed expenditure is reimbursable in accordance with this policy may request, at least fifteen (15) days prior to the incurrence of such expenditure, pre-approval of such expenditure with the Administrator.

(c) Alcohol expenses are not reimbursable unless specifically pre-approved by the Executive Committee for all Board member requests or the President/CEO for all Authority staff requests.

(8) Payment of Approved Business Expenses. The Authority generally will process payments for reimbursement requests by issuing a check made payable to the Board member or employee eligible for such reimbursement.

(9) Subsequent Audit by the Authority. Board member, President/CEO, General Counsel and Chief Auditor reimbursement requests and corresponding payments are required to be audited annually. All other employee reimbursement requests and corresponding payments are subject to subsequent audit by the Authority on an annual basis. If an audit determines that reimbursements have been inappropriately made, then the Authority may retroactively disallow such reimbursements and the Board member or employee will be required to reimburse the Authority for such amounts.

(10) Biannual Review of Policy. The President/CEO shall have this policy reviewed for currency, applicability, and appropriateness every two (2) years. On completion of each review, the results of the review with recommendations for revision shall be presented to the Board.

ATTACHMENT A

BUSINESS EXPENSES

Reimbursable Business Expenses. This section lists *business expenses* that generally are reimbursable, and sets forth the requirements and procedures for Board members and employees to obtain reimbursement for such expenses. Any expense(s) not listed in this attachment may not be authorized nor reimbursed without special pre-approval by the respective Administrator:

(a) *Meals, Entertainment and Gratuities:*

(i) *Definition of Meal, Entertainment and Gratuity Expenses.*

(1) *Meals* – expenses include the costs of food, beverages and taxes. Alcohol expenses are not reimbursable unless specifically pre-approved by the Executive Committee for all Board member requests or the President/CEO for all Authority staff requests.

(2) *Entertainment* – expenses incurred in any activity generally considered to provide socially appropriate entertainment, amusement or recreation, including the entertainment of customers or clients of the Authority at social, athletic and cultural activities or events. Entertainment expenses shall meet one of the following tests:

(a) The employee incurring the expense reasonably expects that the Authority will derive income or a business benefit then or at a future time; the employee incurring the expense actively sought to obtain that benefit at that time; business was the principal motivation for the incurrence of the expense; and the outlay was used for both the employee incurring the expense, and the third party from whom the employee expects the business benefit; or

(b) The expenditures were incurred in a clear business setting where the party being entertained would reasonably understand that the outlay was for business or for support of future business objectives; or

(c) The expense is intended to foster positive organizational relationships with civic or governmental organizations consistent with the Authority's mission and objectives. If the employee incurring the expense is also accompanied by one or more other Authority employees, the Authority also will pay for the expense for the other Authority employee(s) if the ability to meet one of the foregoing tests will be enhanced by the presence of the other Authority employee(s).

(3) *Gratuities* – expenses for gratuities in connection with meals and entertainment should be reasonable. Receipts generally are not required for the reimbursement of gratuities if such gratuities are included in the expenses for the corresponding meal or entertainment activity.

(4) *Exclusions* – Meals between Authority employees and/or Board members and meals with vendors or contractors with whom the Authority already has an existing relationship or contract ("existing vendors or contractors") are generally not reimbursable. However, when special circumstances justify such expenses, (1) the President/CEO, as Administrator, may approve reimbursement expenses for meals between Authority employees and for meals between Authority employees and existing vendors or contractors; or (2) a member of the Executive Committee, as the Administrator, may approve reimbursement of expenses for meals between Authority employees and Board members, for meals between Board members, and for meals between Board members and existing vendors or contractors. Authority employees will be reimbursed for such business-related meals solely with other Authority employees when:

(a) for confidentiality reasons, business must be conducted off-airport premises; or

(b) authorization is given by the Administrator for department reward or recognition; or

(c) when the meal is an integral part of job-related seminar, conference, convention, meeting or training that occurs during the meal. The most senior Authority Board member or employee shall pay for the meal for all Authority Board members and/or employees present at the meal.

(ii) *Requirements for Reimbursement*. Expenses for meals, entertainment and gratuities are only reimbursable if the Authority determines that these expenses are (1) actual, (2) reasonable and (3) directly related to the transaction of the Authority's business. Such expenses only will be considered "directly related" to the transaction of the Authority's business if the Board member or employee actively is engaged, during the meal or entertainment activity, in discussions, meetings, negotiations or other business transactions with business associate(s) for the purpose of generating revenues for the Authority or another specific business benefit such as the enhancement of the Authority's image. Discussions, meetings, negotiations or other business transactions that only are incidental to the meal or entertainment will not meet the "directly related" test.

(iii) *Procedure to Request Reimbursement*. Board members and employees shall request reimbursement for meal, entertainment and gratuity expenses on the Business Expense Reimbursement Report for in-town or on the Travel Expense Report for out-of-town. The reimbursement request shall itemize (1) the business expense, (2) the name, title and Authority affiliation of the business associate(s) who participated in the meal or entertainment activity and (3) a description of why the business expense is directly related to the transaction of the Authority's business. If an employee requests reimbursement for a meal or entertainment activity that includes business associate(s) who are not directly related to the transaction of the Authority's business, then expenses relating to these individuals shall be excluded from the reimbursement request.

(b) *Seminars and Conferences*.

(i) *Definition of Seminar and Conference Expenses.* Seminar and conference expenses include the applicable seminar or conference registration fee and related supplies and books that are purchased during the course of the seminar or conference.

(ii) *Requirements for Reimbursement*. Expenses for seminars and conferences are only reimbursable if such expenses are (1) actual, (2) reasonable and (3) directly related to the transaction of the Authority's business.

(iii) *Procedure to Request Reimbursement*. Employees should request reimbursement for seminars and conferences on the Business Expense Reimbursement Report for in-town expenses or on the Travel Expense Report for out-of-town expenses.

(c) *Vehicle, Mileage and Parking Fees.*

(i) *Definition of Vehicle and Mileage Expenses.* Vehicle and mileage expenses include expenses that are incurred by Board members or employees with his or her personal vehicle parking, mileage and toll fees for authorized use of a personal vehicle; vehicle and mileage expenses may include:

- parking, taxi and shuttle fees to and from the airport, bus or train station; and
- rental car payments in limited circumstances.
- or a vehicle authorized for use by the Authority, and
- will be paid at the current rate established by the Internal Revenue Service (IRS) for that year, or the rate that is established from time to time by the Authority at its discretion.

(ii) *Requirements for Reimbursement*. Expenses for vehicle use, mileage and parking fees are only reimbursable if they directly relate to the transaction of the Authority's business. Board members and employees authorized to operate a privately-owned vehicle on Authority business must possess a valid California Driver's License and maintain their vehicles in a safe operating condition. Board members and employees receiving a vehicle allowance from the Authority or any other agency shall not be reimbursed for in-town use of a privately-owned vehicle.

(iii) *Procedure to Request Reimbursement*. Board members and employees should request reimbursement for vehicle use, mileage and parking fees on the Monthly Mileage and Parking Fee Reimbursement Report for in-town expenses or on the Travel Expense Report for out-of-town expenses.

(1) Board members and employees shall attach copies of all parking and toll receipts to the Request.

(2) If an Administrator determines that such Board member or employee will drive to an out-of-town location with his or her personal automobile instead of flying to such location, then such Board member or employee may request reimbursement for vehicle, mileage, parking and toll fees in an amount that shall not exceed the expenses incurred in flying to such location in accordance with this policy.

(3) If a Board member or employee determines to fly or take alternative transportation (e.g., bus or train) to the out-of-town location, then the employee may request reimbursement for an amount that is the lesser of (1) the parking fees to store his or her vehicle in long-term parking during the duration of the out-of-town trip, or (2) the cost of the taxi or shuttle to and from the airport, bus or train station.

(4) A Board member or employee may only use a rental car while on out-of-town business if (1) the need for a car is necessary to transact Authority business, (2) the use of taxi services or public transportation would not be economical or practicable and (3) the Administrator has approved in advance the rental car usage.

(5) Board members and employees should choose the least expensive and more effective type of ground transportation where practical, including the use of taxis, shuttles, ferries, buses or other public transportation.

(d) *Office Supplies (Board members only).*

(i) *Definition of Office Supply Expenses.* Office supplies subject to this section include paper, toner, writing utensils, copy expenses, facsimile expenses, and mailing and overnight shipping expenses.

(ii) *Requirements for Reimbursement*. Expenses for office supplies only are reimbursable if such office supplies directly relate to the Board member's transaction of the Authority's business.

(iii) *Procedure to Request Reimbursement*. Board members should request reimbursement for office supplies on the Business Expense Reimbursement Report.

(e) Telephone Services.

(i) *Definition of Telephone Call Expenses.* Telephone expenses include local and long-distance telephone calls made from a land line or cellular phone.

(ii) *Requirements for Reimbursement*. Expenses for telephone calls made from a land line or cellular phones are reimbursable only if such expenses are (1) actual, (2) reasonable and (3) directly related to the transaction of the Authority's business.

(iii) *Procedure to Request Reimbursement*. Employees should request reimbursement for telephone calls on the Business Expense Reimbursement Report for in-town expenses and the Travel Expense Report for out-of-town expenses, and should attach copies of the corresponding telephone bills that highlight the specific calls for which reimbursement is sought. Employees may request reimbursement of the actual and reasonable cost of one personal telephone call per day during an out-of-town assignment.

[Amended by Resolution No. 2009-0148R dated December 3, 2009.]
[Amended by Resolution No. 2007-0071 dated July 5, 2007.]
[Amended by Resolution No. 2006-0042 dated April 3, 2006.]
[Amended by Resolution No. 2005-0100 dated October 3, 2005.]
[Amended by Resolution No. 03-010 RR dated April 3, 2003.]
[Resolution No. 2002-2 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 3 - PERSONNEL
PART 3.3 - REIMBURSEMENT
SECTION 3.31 - EXECUTIVE LEVEL RELOCATION PROGRAM POLICY

PURPOSE: To establish a policy for the reimbursement of expenses related to relocation for new senior level employees of the San Diego County Regional Airport Authority (the "**Authority**") such as the President/CEO, General Counsel, Chief Auditor, Vice President, and Director level employees.

POLICY STATEMENT:

(1) Objective. The Authority endeavors to attract, hire, and retain the best available talent to the organization. To support these efforts, the Authority strives to make a new employee's transition to our organization as comfortable as possible. For those new employees hired from other geographic locations, relocation is a complex process and the procedures and limits described in the Authority's proposed policy represent the normal reimbursable expenses connected with a new hire relocating from out of the area.

(2) General.

(a) This Relocation Assistance Policy provides an outline and explanation of the benefits and services that may be available to facilitate relocation. The specific components of relocation offered to each individual employee may be negotiated on a case by case basis, as directed by the respective Division head, negotiated by the Director, Human Resources, and authorized by the President/CEO, or Board in the case of a new employee in the following positions: President/CEO, General Counsel, or Chief Auditor.

(b) This policy is considered a part of the agency's overall market competitive compensation and benefit programs and is intended to enhance the Authority's ability to recruit and retain the talent needed to support its Mission, Vision, Values, Goals, and Objectives.

(c) The intent of this relocation assistance policy is to, as reasonably as is practicable, ease the employee's transition into their new position by potentially assisting with moving expense(s) that will be determined, authorized and approved on a case by case basis.

(d) Reimbursement for any relocation expense that does not fall within this policy shall require the President/CEO's approval which must be obtained before the expense is incurred.

(e) This policy covers travel authorization, reimbursement of travel expenses incurred by the new employee and their eligible dependents, living expenses enroute, shipment of household goods and personal effects, home sale, marketing, or lease expense assistance, temporary living allowance, and spousal assistance.

(f) Upon direction from the President/CEO, or designee, all relocation expenses will be negotiated, on a case by case basis, by the Director, Human Resources, or designee.

(g) Final approval for the expense will reside with the President/CEO, or designee. Consideration for each expense will be based on the position being recruited for, the scope of expense(s) being requested, and reasonable economic parameters.

(h) In the event relocation assistance has been approved and authorized for positions other than those reporting to the Board, the Board will be notified of the final cost to the Authority of such relocation services.

(i) This policy does not apply to new or relocating employees who live within a 50-mile radius of the new location.

(3) Guidelines. As approved and authorized, a relocation manager from a local agency can be secured through the Director, Human Resources, or the new employee may select an agency from a list of approved providers. The agency manager can manage the Authority's Relocation Policy services, assist the individual and their family, remain in contact throughout the move, and coordinate the efforts of the relocation team to ensure that the move goes smoothly. A relocation manager acts as an employee advocate and a resource for any information required with respect to the relocation.

(4) Conditions. As approved and authorized:

(a) The Authority may reimburse travel and relocation expenses for newly hired, full-time employees, who are relocating 50-miles or greater than the distance between their former residence and former work location.

(b) Relocation benefits are extended with the understanding that if the employee voluntarily terminates employment or is terminated for cause within 12-months of the effective date of hire, the Authority will require the individual to repay a pro rated amount of the expenses paid in connection with their relocation.

(c) The employee should read this entire document, sign the Relocation Reimbursement Agreement (Attachment A), and return it to the Human Resources Department.

(5) Relocation Benefits Summary.

(a) Approved and authorized relocation benefits must be disbursed within 1-year of the employee's effective date of hire. This includes expenses for dependents, who are not able to accompany the employee in the initial relocation. Their enroute expenses may be reimbursed at their time of travel in the Relocation Reimbursement Agreement. Examples of circumstances that would justify separate travel are as follows:

(i) Dependent travel is delayed for reasons such as completion of school terms, sale of home, or spouse's job.

(ii) Commercial transportation accommodations are required for a minor dependent or a physical condition.

(b) The Authority may reimburse for actual relocation expenses that are not directly billed to the organization. Original receipts are required for reimbursement. This policy provides:

(i) Two home finding trips from the employee's place of orgin of up to 5-days duration each, including round-trip airfare, car rental, lodging, meals, and incidental expenses;

(ii) Temporary relocation housing up to 90-days with any extension being approved by the Director, Human Resources and authorized by the President/CEO;

(iii) Final travel to new location that includes travel, meals, and lodging expenses en route to destination; and

(iv) Household goods movement (including up to 2 automobiles) and storage for up to 60 days.

(c) Should the employee make a trip back to their place of origin to return with dependents or to complete household goods shipping, they will not be reimbursed for travel expenses for the second trip.

(6) Initiating Relocation Services.

(a) To initiate the relocation services, when approved and authorized, the Human Resources Department will notify the approved relocation manager of an employee's eligibility for participation in the Relocation Assistance Program.

(b) The relocation manager will contact the employee to review the scope of relocation services available and discuss the employee's relocation-related needs, concerns, and personal preferences.

(c) The relocation manager will also initiate the following in a timely manner:

(i) Destination area counseling.

(ii) Send an informational relocation packet on the destination area tailored to individual needs.

(iii) Assign and introduce relocation specialist real estate agent(s), who will assist in purchasing a home in the San Diego area.

(iv) Home sale, marketing, or lease assistance service if the employee owns and plans to sell their current home. Coordinate timely tours of homes to rent or purchase in the new area, to minimize transition time, "down-time" at the employee's new job, and the need for temporary housing; and

(v) Sale of the employee's home at departure with the events leading to the purchase of a new home, if applicable.

(d) After the employee's introduction to the Relocation Program, the employee will make arrangements for applicable final move travel and enroute lodging. The relocation manager will coordinate all aspects of the employee's household goods transportation and help to locate suitable temporary housing, if necessary. The relocation manager will remain in contact throughout the relocation process for quality assurance, to answer questions as they arise, and assist with any relevant issues.

(7) Destination Services.

When approved and authorized, destination services may be initiated through the relocation manager to coordinate the events surrounding the employee's move. The relocation manager will provide home finding assistance, including objective counseling to help the individual select a new community compatible with the employee's lifestyle. The relocation manager will complete a needs assessment to help determine if the employee would like to purchase or rent in the new location. The relocation manager will:

(a) Discuss with the employee and their family any informational needs, including real estate, schools and extra-curricular activities, recreation and cultural activities, and any other related questions or concerns.

(b) Refer the employee to real estate specialist(s), who will contact them and their family to assist in renting or purchasing a home in the new area.

(c) Remain in contact throughout the home finding and relocation process to ensure that the employee receives responsive, quality service from destination service providers.

(d) Send a relocation packet that includes all the previously mentioned information.

(8) Home Sale, Marketing, or Lease Expense.

When approved and authorized, the Authority may assist homeowners in the sale or purchase of their homes at current fair market prices. The Authority may assist renters by protecting them, where possible, against financial loss from reasonable and unavoidable expenses or penalties due to premature lease termination.

(9) Home Sale.

(a) When approved and authorized, an employee who owns and occupies a home may be provided with two options in selling it:

(i) *Option 1*-The employee may request the services of a relocation service to assist in relocation and home sale/purchase.

(ii) *Option 2*-The employee may decide not to use such a service, but assume full responsibility for the selling transaction.

(b) To ensure that an employee can sell the residence at a current fair market price, two independent appraisals may be obtained (three, if one differs by more than 5% from the other). The two appraisals will be averaged to determine the fair market value. If the employee must sell the house for less, the Authority may pay the employee the reasonable difference between the fair market price and the selling price, subject to the approval of the Director of Human Resources or designee.

(i) In the event the employee cannot dispose of the house at the current fair market price, the Authority reserves the right to utilize the services of a home purchasing/relocation service to assist in home sale/purchase.

(ii) The Authority may pay certain actual closing and selling costs upon presentation of a closing statement. These include real estate commissions, attorneys' fees, title fees, escrow fees, points or loan placement charges you are required to pay, State transfer taxes, and similar expenses connected with the sale or exchange of employee's former home.

(iii) When an employee ends an unexpired lease on the former home, that employee may be reimbursed by the Authority for payments to the lessor for terminating the lease, attorneys' fees, real estate commissions and expenses, such as the difference between the rent paid and the rent received from an assignee or sub-lessee.

(c) If an employee receives assistance with the sale of their existing home, they are ineligible for assistance with the purchase of settlement charges in the purchase of their new home.

(10) Home Purchase or Lease Expense.

When approved and authorized, the employee may be reimbursed for customary settlement charges in the purchase of a house. These charges include, as required, attorneys' fees, escrow fees, appraisal fees, title costs, points or loan placement charges not representing the payment or prepayment of interest, and sundry expenses connected with the purchase of your new home. If an employee receives assistance with the sale of their existing home, they are ineligible for assistance with the purchase of their new home.

(11) Movement of Household Goods.

When approved and authorized, a relocation manager may initiate an employee's household goods movement services directly, selecting from an approved carrier list. These services would be provided at the expense of the Authority. The guidelines are as follows:

(a) Household goods and effects may be moved directly from the employee's former residence to their new residence, with one pickup and one delivery per transferee.

(b) The relocation manager and the moving company may coordinate packing, loading, and delivery dates.

(c) Claims for damage, if applicable, will be expedited through the relocation manager.

(d) Household goods include personal belongings for the employee and their immediate family.

(e) Household goods exclude boats, trailers, aircraft, plants, pets, propane cylinders, firewood; hazardous/combustible items, handguns/automatic weapons/ ammunition.

(f) *Recommendations*:

(i) Valuables, such as deeds, coin and stamp collections, jewelry and precious stones, should not be transported via the household goods carrier. The employee should make provisions for safe transport, since these items may not be insured through the carrier's insurance coverage policy.

(ii) The Authority is not liable for loss or damage to household goods or personal effects while in transit. Claims of damage or loss must be settled between the employee and the household goods carrier. The relocation manager may assist in this process. The Authority may reimburse for the cost of full-value replacement insurance procured from the

moving company, based on a maximum valuation of $4.00 per pound. Additional insurance coverage may be obtained from the carrier at the employee's expense.

(iii) The employee should require specific itemization on the mover's inventory if you choose to have the moving company transport any antiques, fine art and unique items. An appraisal should be obtained, at the employee's expense, before the move to determine whether or not the goods are insurable.

(g) The Authority may pay 100% of the cost of temporary storage up to 60 days after goods are removed from the employee's home, if required. The Authority may also pay for the movement of household goods out of storage, additional insurance costs while in storage and any special handling requirements to accommodate the storage of goods.

(12) Completing Travel Authorization Documents.

It is the Authority's policy for the traveler to prepare a Travel Authorization/Advance Request for travel that involves any one or more of the following conditions:

Category	Reimbursement Rate
Air Travel	A one-way, economy airline ticket for each member of the family to travel to his/her new location.
Ground Travel	Mileage reimbursement at standard Authority rate. Travel must be along the most direct route at a minimum rate of 400 miles per day. Calculate travel from current residence to your new work location, one way, two vehicles.
Train Travel	A one-way, coach ticket for each member of the family to travel to his/her new location. Pullman car fares may be authorized only if the trip takes over 6 hours or the travel is overnight.
Lodging Enroute	Consistent with the Authority's travel reimbursement policy
Meals	Consistent with the Authority's travel reimbursement policy
Temporary Housing	Living accommodations for up to 90 days for the employee and immediate family prior to moving into a permanent residence in the new location. Any additional time may be considered for approval by the Director, Human Resources and must be authorized by the President/CEO, or designee.
Movement and Storage	Movement of household goods can include up to 2 automobiles and can include temporary storage for up to 60 days.
Other	Separate travel by dependents (see Section 6). Home finding trips (see Section 6). Final travel to location (see Section 6).

(13) Travel Authorization.

The traveler shall submit an out-of town travel request form, in accordance with the Authority's business expense reimbursement policy, to the hiring manager for approval by the office's Vice

President for all travel, adjustments to travel, and/or cancellation of travel associated with an employee's relocation.

(14) Travel Claim.

The traveler shall complete a Travel Expense Report, in accordance with the Authority's Business Expense Reimbursement Policy , to request reimbursement for travel expenses accociated with an employee's relocation.

(15) Tax Information.

Federal tax laws require the San Diego County Regional Airport Authority to report certain expenses and reimbursements it pays on employees' behalf as taxable income. The Authority may, when approved and authorized, offset the employee's tax liability. Any Authority offset of an employee's tax liability will be limited to the actual tax liability up to a maximum amount not to exceed 30% of the employee's base salary. The Authority cannot be responsible for the correct preparation of an employees' tax returns. Employees are responsible for determining their own eligibility to deduct specific moving expenses and for determining the year in which they are deductible. Employees should refer to IRS Publication #521 for the applicable tax year.

(16) Definitions.

(a) *Immediate Family* - Members of the immediate family are the spouse and those persons living in the same household, who are considered dependent on the employee. Eligible children are those under the age of 19, or under the age of 24, who are full-time students, or those who are permanently and totally physically or mentally disabled. Also eligible are parents who live with the employee and are dependent on them for support.

(b) *Tax Information* - Payments made as reimbursements or payments to vendors for certain moving expenses, on an employee's behalf, must be included as compensation in the employee's gross income. (Please see Section 10, "Tax Information" in this policy). The Authority is required to withhold federal, state and FICA taxes from these expense reimbursements in the same month in which they are incurred.

(c) *Movement of Household Goods* – The personal property of the employee and immediate family, and specifically, that which can be legally transported in accordance with the Department of Transportation regulations.

(d) *Relocation Reimbursement Agreement* – Agreement signed by employee and the Authority stating standards for the expenditure of monies disbursed to new employee for relocation and the penalties if employee is removed from employment.

(e) *Shipping Arrangements* – Shipment services include packing, crating, shipment and delivery to the new residence.

(f) *Spousal Assistance* – Service(s) that may be offered by the Authority to support a spouse in obtaining employment within the San Diego area.

(g) *Temporary Housing* – Furnished living accommodations for up to 90 days, unless an extension has been approved by the Director, Human Resources and authorized by the President/CEO, for the employee and immediate family prior to moving into a permanent residence in the new location. Expenses include room costs plus other reasonable and necessary costs, such as meals at the new location, laundry, dry cleaning, and phone calls.

(h) *Temporary Storage* – The Authority may pay 100% of the cost of temporary storage up to 60 days after goods are removed from the employee's home, if required. The Authority may also pay for movement of household goods out of storage, additional insurance costs while in storage and any special handling requirements to accommodate the storage of goods.

(i) *Travel Authorization* – The written approval for a traveler to relocate to a new work location and incur expenses. The Travel Authorization specifies the move and relocation dates and an estimated cost for the trip. The Travel Authorization must be completed by the new employee and approved by the hiring office before the trip is initiated.

(j) *Travel Claim* – The Travel Claim is the traveler's statement to the Authority of costs incurred while relocating.

(k) *Travel Expenses* - Travel and en route living expenses incurred by the employee and their family during the move to new location.

[Adopted by Resolution No. 2007-0066 dated July 5, 2007.]

Attachment A

RELOCATION REIMBURSEMENT AGREEMENT
Level I - Executive

THIS RELOCATION REIMBURSEMENT AGREEMENT ("Agreement") is made as of the ____ of____, 200__, between _____ ("Employee") and the San Diego County Regional Airport Authority ("Authority").

The Employee has agreed to relocation from _____to the Office of _____, at the San Diego County Regional Airport Authority.

Pursuant to the Authority's Relocation Policy, the employee is authorized reimbursement for relocation expenses for the following items: [insert negotiated, approved, and authorized components]. The specific terms for these items are contained in the Authority's Relocation Assistance Policy document.

In consideration of the Authority's payment of said relocation expenses on behalf of the Employee, the Employee agrees as follows:

1. That if within 12 months following the date the Employee commences employment at his/her new job site, the Employee: (a) is terminated for cause; or (b) voluntarily resigns, with or without notice, without the encouragement or initiation of the Authority, he/she shall reimburse the Authority for the pro rated amount of all expenses paid by the Authority in connection with the Employee's relocation.

2. That if within 1 year following the date the Employee commences employment, the Employee decides not to complete the planned relocation for reasons unacceptable to the Authority after accepting relocation benefits, he/she shall reimburse the Authority for the pro rated amount of the expenses paid by the Authority in connection with the Employee's relocation.

3. That all reimbursements required hereunder shall be paid by the Employee immediately upon termination of his/her employment.

If the Employee defaults under the terms of this Agreement, the Authority is entitled to be reimbursed for attorney fees and other costs incurred in connection with the collection of the outstanding indebtedness incurred pursuant to this Agreement.

The Authority reserves the right to withhold pay and accruals of an equal amount to the amount paid to the employee.

Nothing in this Agreement shall be construed as giving the Employee any right to be retained in the employ of the Authority, or to interfere in any way with the right of the Authority to terminate the employment of the Employee at any time, with or without cause, without incurring any liability to the Employee.

IN WITNESS WHEREOF, the parties have executed the Agreement as of the date above.

_____	_____
Director, Human Resources	Employee
_____	_____
Date	Date

cc: Accounting
Human Resources Department

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 3 - PERSONNEL
PART 3.4 - REIMBURSEMENT
SECTION 3.40 - TRAVEL AND LODGING EXPENSE REIMBURSEMENT POLICY

PURPOSE: To establish a policy for the reimbursement of travel expenses for the members of the Board (the "**Board**") and employees of the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) Objectives. The objectives of this policy are to:

(a) Comply with applicable provisions of section 170017(d) of the San Diego County Regional Airport Authority Act, as amended, which provides that Board members may be paid for actual and necessary traveling expenses incurred while on official business;

(b) Ensure that the travel expenses of Board members and employees are reasonable, cost-effective and necessary for the Authority's business;

(c) Indentify the conditions under which and the procedures by which Board members and employees may be reimbursed for authorized travel expenses;

(d) Ensure that Board members and employees are reimbursed on a timely basis for all appropriate travel expenses that they incur; and

(e) Incorporate applicable provisions of Government Code § 53232.2 – 53232.3.

(2) General Travel Reimbursement Provisions.

(a) Board members and employees may be reimbursed for actual, necessary, and reasonable travel expenses incurred in connection with a meeting on matters directly affecting the interests of the Authority when such meeting is with a member of the legislative, executive or judicial branch of the federal government, state government or local public agency; or is with an official of a business entity with whom the Authority currently has or has significant potential to be in a contractual relationship; or is demonstrably and directly related to the business of the Authority or operations of the airport. Necessary expenses are those that are helpful and appropriate for the advancement of the business interests of the Authority. The reasonableness of a particular expense shall be determined by considering all facts and circumstances associated with the expense and the potential benefit to the Authority.

(i) *Board Member and Employee Travel by Commercial Air Carrier*. When traveling by commercial air carrier on official Authority business, Board members and employees shall use government or group air travel rates when such rates are offered by a commercial air carrier. When government or group rates are not available, Board members and employees shall be reimbursed at a rate not to exceed the prevailing applicable coach rate for domestic travel and the prevailing rate for one class above the coach rate for non-domestic travel when the scheduled flight time exceeds six hours.

(ii) *Board Member and Employee Travel by Means Other Than Commercial Air Carrier*. When traveling by means other than commercial air carrier, Board members and employees may be reimbursed for the actual transportation costs except for travel by personal vehicle where reimbursement shall be at the current mileage rate as published by the Internal Revenue Service ("IRS"). In no event shall the reimbursement of transportation expenses exceed the prevailing applicable rate for coach-class air travel.

(iii) *Travel Per Diem for Board Members*. When traveling on official Authority business, Board members may be reimbursed for the actual cost of lodging, meals, and necessary incidental travel-related expenses which shall not exceed the then stated per diem rate established that year by the U.S. General Services Administration ("GSA") for destinations within the United States and the U.S. Department of State Bureau of Administration for international destinations. If the lodging is in connection with a conference or organized educational activity conducted in compliance with subdivision (c) of Government Code §54952.2, including, but not limited to, ethics training required by§53234 et seq., lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the member of a legislative body at the time of booking. If the group rate is not available, the Board member shall use comparable lodging at comparable rates.

(iv) *Travel for Employees*. When traveling on official Authority business, employees may be reimbursed for the actual cost of necessary lodging, meals, and incidental travel-related expenses. Employees shall use available government and/or group rates for travel and lodging. Lodging expenses incurred in connection with a conference or organized educational activity shall not exceed the maximum group rate published by the conference or activity sponsor. If the group rate is not available, the employee shall use comparable lodging.

(b) Reimbursement of Board members, the President/CEO, the General Counsel, and/or Chief Auditor for any travel expense that does not fall within this policy shall require the approval of the Executive Committee at a regularly scheduled meeting. Reimbursement of employees for any travel expense that does not fall within this policy shall require the approval of the President/CEO.

(c) Domestic travel for the purpose of this policy includes travel within and between the 48 continental United States.

(d) Board members and employees must submit to their respective Administrator the Out-of-Town Travel Request at least three (3) weeks prior to the anticipated travel departure date, but this advance notice period is not required if the Authority provides less than three (3) weeks' notice in requesting that a Board member or employee conduct out-of-town travel.

(e) The Travel Expense Report should be submitted to the Administrator within a reasonable amount of time, but no later than thirty (30) days after the completion of the out-of-town travel.

(f) All domestic travel advances must be cleared no later than thirty (30) days after the completion of the domestic travel, and all international travel advances must be cleared no later than forty-five (45) days after the completion of the international travel.

(g) Should a Board member or employee owe the Authority for a portion of any unused travel advance, the Board member or employee must pay to the Authority the unused portion by cash or personal check. Failure to account for travel advances within the required 30-day period may result in the suspension of privileges to obtain further advances.

(h) All reimbursement requests shall be in U.S. dollars, with sufficient supporting documentation for any corresponding currency conversion rates for expenses incurred outside of the United States.

(3) Administrator Pre-approval of Travel Requests and Approval of Reimbursement Requests. Reimbursement of travel expenses requires a responsible officer of the Authority (the "Administrator") to pre-approve the travel and to review and approve the reimbursement of travel expenses in the manner set forth in this policy.

(a) Responsibilities of Administrator. An Administrator , in authorizing a travel request or approving a request for reimbursement of incurred travel, is responsible for ensuring that each such request meets the requirements of this policy. In discharging this responsibility, the Administrator shall review the request and supporting documentation to determine whether or not the request conforms to the standards and specifications in this policy. Specifically, the Administrator shall:

(1) Verify that the means of transportation and lodging arrangements conform to the requirements of this policy;

(2) Confirm that the requested travel is reasonably necessary for the business of the Authority;

(3) Determine that the projected costs of the travel are objectively reasonable in comparison to the anticipated benefits to the Authority;

(4) Make inquiries as necessary to determine that the individual expenses are reasonable under the circumstances and directly related to the Authority's business;

(5) Confirm that each reimbursement request is accompanied by the documentation required by this policy;

(6) Verify that the documentation for each expense that is unusual in nature and/or amount adequately supports the reasonableness and necessity of the expense;

(7) Reject those expenses that are not consistent with this policy; and

(8) For those expenses that are approved for reimbursement, provide written certification that the Administrator, based on reasonable inquiry, believes such expenses were reasonable, necessary, and directly related to the Authority's business.

(b) Designation of Administrator. As used in this policy, the appropriate Administrator shall be designated in the below table. No Administrator may approve the reimbursement of a travel or business expense that directly benefits the Administrator.

Authority Position	**Corresponding Administrator**
Board Member, President/CEO, General Counsel and Chief Auditor	*For Pre-approval of Travel Requests:* (1) the Executive Committee will act as the Administrator, or (2) where time demands require that travel commence prior to the next meeting of the Executive Committee, the Chair of the Board, or in the event the Chair is not available, the Chair's designee from the Executive Committee will act as the Administrator. *For Approval of Travel Reimbursement Requests:* (1) The Executive Committee will act as the Administrator, or (2) where delayed reimbursement would cause financial hardship and the traveler requests more timely reimbursement, the Chair of the Board, or in the Chair's absence, the Chair's designee from the Executive Committee will act as the Administrator. All travel pre-approvals and reimbursement requests approved by the Chair or the Chair's designee shall be subject to approval of the Executive Committee at its next meeting. All approved travel pre-approvals and reimbursement requests will be presented to the Board for its information at its next regular meeting.
Vice President	Individual expenses under $250 require the approval of another Vice President; individual expenses of $250 or more require the approval of the President/CEO or his or her designee. If the President/CEO's designee is the Vice

	President requesting the reimbursement, then the President/CEO (and not a designee) must approve the reimbursement.
Department Head	Individual expenses under $250 require the approval of the corresponding Vice President; individual expenses of $250 or more require the approval of the President/CEO. If the President/CEO's designee is the Vice President of the Department Head requesting the reimbursement, then the President/CEO (and not a designee) must approve the reimbursement.
Other employees	Individual expenses under $250 require the approval of the Department Head; individual expenses of $250 or more require the approval of the President/CEO.

(c) Single Point of Contact. In order to provide for uniform and consistent application of this policy by Administrators reviewing requests for authorization of travel requests and reimbursement of travel expenses, the President/CEO may appoint a qualified individual to serve as the single point of contact for advising Administrators on the implementation of this policy.

(d) Annual Training. Administrators shall receive annual training regarding their duties and responsibilities pursuant to this policy. Such training may be incorporated with other regularly required training.

(4) Pre-approval of Travel and Approval of Travel Expense Reimbursement Forms.

(a) *Out-of-Town Travel Request.* Board members and employees who wish to engage in travel that directly relates to the transaction of the Authority's business must complete and have approved by the Administrator, the "Out-of-Town Travel Request" form prior to the commencement of travel. The travel request shall identify the purpose of the travel; the expected benefits to accrue to the Authority; the means and class of transportation; and include a projected budget of transportation, lodging and other significant costs.

(b) *Out-of-Town Travel Expense Reimbursement Report.* To receive reimbursement of expenses associated with authorized travel, the Board member or employee must complete and submit in a timely fashion after such travel, a "Travel Expense Report" form.

(5) Supporting Documentation for All Travel Expense Reimbursement Requests.

(a) All travel, lodging, meal and incidental expenses must be itemized (e.g., a detailed list of individual expenses, no groupings of expenses) in each reimbursement request.

(b) The *original, itemized, detailed* travel, lodging, meal and incidental receipts must be provided with all reimbursement requests. Each receipt must be imprinted with the name of the business and date. Reimbursement requests will not be processed without a related receipt, unless the Board member or employee submits a written statement of the circumstances explaining why the receipt is not submitted.

(c) Reimbursement requests that have not been properly prepared, authorized or supported by documentation shall be returned to the Board member or employee within 14 days with the reasons given for not processing the claim.

(6) Cancellation and Penalties. A Board member or employee who does not attend an event that the Authority has pre-paid at such Board member's or employee's request shall be responsible for any pre-paid costs, unless the Board member's or employee's inability to attend such event is for valid medical reasons, personal emergencies, or reasons attributable to the Authority. Board members and employees who cancel an out-of-town trip must return any travel advances no later than five (5) days after the date of such cancellation. If for some reason a Board member or employee is incapacitated, then a reasonable amount of time will be given to return any travel expenses.

(7) Payment of Approved Travel and Business Expenses. The Authority generally will process payments for reimbursement requests by issuing a check made payable to the Board member or employee eligible for such reimbursement.

(8) Subsequent Audit by the Authority. Board member, President/CEO, General Counsel and Chief Auditor reimbursement requests and corresponding payments are required to be audited annually. All other employee reimbursement requests and corresponding payments are subject to subsequent audit by the Authority on an annual basis. If an audit determines that reimbursements have been inappropriately made, then the Authority may retroactively disallow such reimbursements and the Board member or employee will be required to reimburse the Authority for such amounts.

(9) Biannual Review of Policy. The President/CEO shall have this policy reviewed for currency, applicability, and appropriateness every two (2) years. On completion of each review, the results of the review with recommendations for revision shall be presented to the Board.

ATTACHMENT A

TRAVEL EXPENSES

Reimbursable Travel Expenses. Expenses shall be reasonable and directly related to the transaction or representation of the Authority's business. Directly related is defined as a Board Member or employee actively engaged, during the travel activity, in discussions, meetings, negotiations or other business transactions with business associate(s) for the benefit of the Authority.

This section lists *air travel and lodging expenses* that generally are reimbursable, and sets forth the requirements and procedures for Board members and employees to obtain reimbursement for such expenses:

(a) *Air Travel.*

(i) *Definitions.*

- *Air Travel Expenses.* Air travel expenses include the cost of the airline ticket and the cost of air phone calls when directly related to the transaction of Authority business.

- *Domestic travel.* Domestic travel includes travel within and between the 48 continental United States.

- *International travel.* International travel includes travel outside the 48 continental United States.

(ii) *Requirements for Reimbursement*. Expenses for air travel to out-of-town locations are only reimbursable if the expenses are (1) actual, (2) reasonable and (3) directly related to the transaction of the Authority's business.

(iii) *Procedure to Request Reimbursement*.

(1) *Pre-Approval of Air Travel.* Board members and employees shall submit an Out-of-Town Travel Request that describes the proposed air travel to the respective Administrator as soon as the travel requirement is known; preferably, at least three (3) weeks prior to the anticipated travel departure date. This advance notice period is not required if the Authority provides less than three (3) weeks' notice in requesting that a Board member or employee participate in travel.

(2) *Airline Tickets.* Board members are encouraged to not personally make travel arrangements for air travel approved by the Authority.

- In the event that a Board member chooses to personally purchase airline tickets then such Board member must:

(A) obtain the lowest fare available,

(B) purchase coach fare for *domestic travel*,

- Board members and employees may elect to upgrade one class for non-domestic air travel in cases where the flight time is greater than six hours.
- Give preference to airlines with operations at the San Diego International Airport.
- Board members and employees who opt to upgrade their airline tickets beyond the standards set forth in this policy will be responsible for paying any additional expense for such upgrade.

(3) *Early and Late Departures.* Board members and employees as approved by the Administrator are permitted to depart one or two days early (e.g., on a Saturday for a meeting beginning on Monday morning) or stay one or two extra days (e.g., until Sunday after a meeting ending on Friday or Saturday) if (1) they are able to obtain a discounted airfare for which they would not otherwise be eligible and (2) the combined cost of the discounted airfare and additional allowable expenses are less than the cost of the lowest airfare otherwise available. The Authority will reimburse the cost of allowable expenses relating to advance arrivals or late departures only for the minimum number of days required to obtain the discounted fare. If the Board member or employee elects to travel extra days, the respective Administrator must pre-approve such extra travel day(s) and obtain appropriate documentation to support such pre-approval.

(4) *Airline Air Phone Usage*. Board members and employees only may request reimbursement for air phone usage when the corresponding call is (1) actual, (2) reasonable and (3) directly related to the transaction of the Authority's business.

(5) *Frequent Flyer Award Programs.* The Authority does not reimburse individuals for the value of frequent flyer miles or points that are redeemed to acquire airline tickets or hotel rooms on Authority business. Membership dues in frequent flyer and similar award programs are a personal expense and not reimbursable by the Authority.

(b) *Lodging and Associated Expenses.*

(i) *Definition of Lodging and Associated Expenses*. Lodging and associated expenses may include the cost of the lodging, laundry and dry cleaning expenses in certain circumstances.

(ii) *Requirements for Reimbursement*. Expenses for out-of-town lodging and associated expenses are only reimbursable if the expenses are (1) actual, (2) reasonable and (3) directly related to the transaction of the Authority's business.

(iii) *Procedure to Request Reimbursement.*

(1) *Reimbursement Request.* Board members and employees shall request reimbursement for lodging and associated expenses on the Travel Expense Report, including business expenses that directly relate to the transaction of the Authority's business (e.g., business facsimiles, internet, etc.).

(2) *Lodging*. Lodging for Board members and employees will be determined by the respective Administrator based on the price and quality of similarly situated lodging.

(3) *Laundry and Dry Cleaning*. Board members and employees may request reimbursement for reasonable laundry and dry cleaning costs for out-of-town assignments of three or more consecutive nights.

(c) *Seminar and Conference fees, Meals, Entertainment, and Gratuities.* Board members and employees should refer to Policy 3.30, Business Expense Reimbursement for authorization and reimbursement requests associated with travel and lodging.

(d) *International Travel*.

(i) General Policy. It is general Board policy that no more than two (2) Board members shall be permitted to attend the same event where both (a) International travel is required, and (b) the Board members are to be reimbursed for their travel expenses. This policy is not intended to prevent any Board member from attending an event where reimbursement is not requested.

(ii) Exception. Notwithstanding (i), above, a majority of the disinterested members of the Board may vote to permit Authority reimbursement for travel expenses of more than two (2) Board members requiring International travel.

(iii) Eligibility by Drawing. Where more than two (2) Board members request permission to attend the same event requiring International travel and reimbursement for travel expenses, then eligibility for travel reimbursement for the two (2) Board members (as limited in (i), above) shall be determined by drawing lots.

(iv) Rotation Rule. Unless otherwise agreed to by a majority of the disinterested members of the Board, no Board member who has received reimbursement for expenses requiring International travel shall be eligible for future reimbursement of travel expenses requiring International travel until all other Board members either (a) have been subsequently reimbursed for International travel, or (b) have declined to participate in such travel when asked to do so by reason of remaining eligibility.

[Amended by Resolution No. 2009-0148R dated December 3, 2009.]
[Amended by Resolution No. 2009-0130R dated October 1, 2009.]
[Amended by Resolution No. 2008-0113 dated September 4, 2008.]
[Amended by Resolution No. 2007-0071 dated July 5, 2007.]
[Amended by Resolution No. 2006-0084 dated July 6, 2006.]
[Amended by Resolution No. 2005-0101 dated September 8, 2005.]
[Amended by Resolution No. 03-069 dated November 10, 2003.]
[Resolution No. 03-010 RR dated April 3, 2003.]

TABLE OF CONTENTS
FOR
POLICIES

ARTICLE 4

FINANCE AND ACCOUNTING

[Describes the manner in which the Authority conducts its accounting, finance and investment practices.]

Section No.	Title
	Part 4.0 - Budget Administration and Management
4.01	Adoption of Budget
4.02	Request for Financial Assistance
	Part 4.1 - Accounting
4.10	Past Due and Uncollectible Accounts Receivable
	Part 4.2 - Investments
4.20	Policy Guidelines for Prudent Investments
4.21	Policy Regarding the Use and Management of Derivative Products
	Part 4.3 - Capital Improvements Program
4.30	Capital Improvements Program
	Part 4.4 – Debt
4.40	Debt Issuance and Management Policy
	[Reserved (4.50-4.99)]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING
PART 4.0 - BUDGET ADMINISTRATION AND MANAGEMENT
SECTION 4.01 - ADOPTION OF BUDGET

PURPOSE: To establish a policy for the adoption of the annual budget for the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) The Authority's Board of Directors (the "**Board**") has determined that the preparation and adoption of an annual budget will assist in (a) determining the Authority's short-term and long-term strategic and financial planning needs and (b) managing effectively the facilities and airports under the jurisdiction of the Authority.

(2) The Authority's Executive Director or his or her designee (the "**Executive Director**") shall designate the person(s) and/or department(s) responsible for the preparation of the Authority's annual budget.

(3) As soon as reasonably practicable (but in no event less than 60 calendar days) prior to the end of the Authority's then current fiscal year, the Executive Director shall submit to the Board the Authority's proposed annual budget (the "**Proposed Budget**") for the following fiscal year, with such additional information, supporting documentation and other materials as may be requested by the Board.

(4) The Board shall review the Proposed Budget and deliver to the Executive Director all proposed recommendations, modifications, amendments, additions or deletions to the Proposed Budget as soon as reasonably practicable.

(5) The Executive Director and the Board shall collaborate and consult with each other to finalize the Proposed Budget in a form for adoption by the Board. The Board shall adopt the Proposed Budget prior to the end of the Authority's then current fiscal year.

(6) Upon the Board's adoption of the Proposed Budget, the Proposed Budget shall constitute the Authority's final budget for the corresponding fiscal year.

[Amended by Resolution No. 2009-0085 R dated June 4, 2009
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING
PART 4.0 - BUDGET ADMINISTRATION AND MANAGEMENT
SECTION 4.02 - REQUEST FOR FINANCIAL ASSISTANCE

PURPOSE: To establish a policy for the consideration of requests for financial assistance from the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) This policy is intended to comply with Federal Aviation Administration Policy and Procedures Concerning the Use of Airport Revenue "Final Policy" 64 FR 7696, dated February 16, 1999 or as amended and any other applicable rules and regulations of the Federal Aviation Administration (the "**FAA Policy**"). The FAA Policy allows that airport revenues may be used to support community activities or to participate in community events if and only if those expenditures are directly and substantially related to the operations of an airport. The "directly and substantially related" standard can be met if the contribution has the intangible benefit of enhancing an airport's acceptance by neighboring communities.

(2) Organizations requesting financial assistance from the Authority shall submit a written request to the Authority's Clerk (the "**Clerk**"). Such request shall be submitted in the form, and by the due date, prescribed by the Authority. An organization that receives financial assistance in one instance is not guaranteed financial assistance in any subsequent instance. Funding is to be determined on a year to year basis and previous actions of the Authority's Board of Directors (the "**Board**") shall not bind future Board actions.

(3) Requests shall be transmitted to the Authority's General Counsel to be reviewed for compliance with the FAA Policy.

(4) Requests received by the deadline that are found to be consistent with the FAA Policy shall be forwarded by the Clerk to a committee selected by the Board. The committee shall promptly meet at its discretion to review requests and to prepare its written recommendations for presentation to the Board for consideration. The committee shall rely on the written requests from the requesting organizations; the committee will hear no oral presentations. To assist the Committee in its review, the Committee shall prepare a report indicating the total cost, including any in-kind services, associated with each request.

(5) Pursuant to this policy, the Board shall:

(a) Funding is to be approved in the Authority's annual operating budget. Disbursements of funds shall be paid by the Authority directly to the organizations for which

funding was approved by the Board, pursuant to agreements that will be prepared and entered into with all organizations receiving financial assistance;

(b) Establish an overall funding limit, if any, for all financial assistance requests for events or activities as part of its budget deliberations each year; and

(c) In a public session receive the recommendations of the Committee and act on the Committee's recommendations, if appropriate.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING
PART 4.1 - ACCOUNTING
SECTION 4.10 - PAST DUE AND UNCOLLECTIBLE ACCOUNTS RECEIVABLE

PURPOSE: To define the procedures to be followed when past due or accounts receivables are deemed delinquent and uncollectible by the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

As a government entity, the Authority is obligated to make every effort to collect all monies to which it is rightfully entitled. The Authority shall take all appropriate and cost-effective actions to aggressively collect Accounts Receivable and minimize the need to write off debt owed the Authority. The Authority recognizes that in certain circumstances beyond the Authority's control, debt due to the Authority may be uncollectible. Timely identification of past due Accounts Receivable and close coordination between cognizant departments is essential to minimize the need to write off uncollectible accounts.

DEFINITIONS:

- Account Receivable: A debt owed to the Authority that arises in the normal course of business dealings and not supported by negotiable paper; a claim against a debtor usually arising from sales or services rendered. Accounts Receivable include, but are not limited to, rent, concession fees, permit fees, license fees, landing fees as well as monies due for services and goods.

- Allowance of Doubtful Account: A valuation account (i.e., contra asset) that is subtracted from the trade receivable on the balance sheet.

- Bad Debt: A Past Due Account Receivable that despite best efforts by the Authority remains unsatisfied and for which there is no reasonable expectation that the underlying debt will be satisfied in whole or in part. The expense for a Bad Debt is recognized when the Account Receivable becomes doubtful which typically occurs prior to write off of the Account Receivable.

- Cognizant Department: The Department of the Authority that negotiated the agreement or contract giving rise to a particular Account Receivable.

- Debt: In the context of this procedure, debt refers to a sum of money due by certain and express agreement between the Authority and another party or parties. Debt may be owed the Authority by an individual or by a business entity.

- Past Due: Refers to an Account Receivable for which payment has not been received for more than thirty (30) days after the date on which payment is due.

- Treasurer: The Chief Financial Officer, Vice President – Finance and Treasurer of the Authority.

- Write-Off: An accounting transaction that removes an Account Receivable from the accounting books and records. Writing off the Account Receivable is for accounting purposes only and this action does not discharge the Debt. The Debt is still owed to the Authority, however, the amount has been removed from the Authority's books as a receivable.

ROLES AND RESPONSIBILITIES REGARDING OVERDUE AND UNCOLLECTIBLE ACCOUNTS:

A. Cognizant Department. The Cognizant Department is responsible for:

1. Routine management of the Authority agreement or contract which gives rise to an Account Receivable;

2. Monitoring payment schedule of Accounts Receivable;

3. When necessary, and with the advice and consent of the Authority Treasurer, negotiating settlements of Past Due Accounts Receivable; and

4. When appropriate, recommending the certain Past Due Accounts Receivable for designation as Bad Debt.

5. Consulting with General Counsel to make sure all legal issues are addressed.

B. Treasurer. The Treasurer is responsible for:

1. Timely identification of doubtful accounts and making the appropriate accounting entries;

2. Monitoring negotiations involving Past Due Accounts Receivable;

3. The application of security deposits against the Account Receivable amount; and

4. Seeking approval from the Board to write off Bad Debt when the individual Bad Debt Account Receivable is $15,000 or more.

C. General Counsel. The General Counsel is responsible for:

1. Providing advice and counsel to the Cognizant Department, Treasurer, President/CEO, and Board regarding the feasibility of legal action to collect Bad Debts; and

2. Providing recommendations to the Board regarding the initiation of litigation to collect Bad Debts.

PROCEDURES:

D. Past Due Accounts Receivable

1. Monthly Review. The Treasurer shall review all Accounts Receivable on a monthly basis in order to identify all Past Due Accounts Receivable.

2. Collection Efforts with Cognizant Department. When a Past Due Account Receivable is identified, the Treasurer shall work with the Cognizant Department charged with negotiating or managing the debtor's agreement for the purpose of collecting the Past Due Accounts Receivable.

3. Collection Efforts. The Cognizant Department charged with negotiating the original Authority agreement with the debtor shall make all efforts to collect the Past Due Account Receivable. Such efforts shall include, but not be limited to, phone calls and/or letters to the debtor, collecting any security deposit, drawing on any Letter of Credit, or filing a claim on any surety bond(s) posted as security.

4. Assessment of Collectibility. The Treasurer, in consultation with the Cognizant Department and the President/CEO, shall determine what, if any, further steps shall be taken to collect the Past Due Account Receivable. An assessment and determination shall be made as to whether or not the debt can be collected through reasonable legal means.

5. Treasurer Determination. The Treasurer shall determine whether or not it is in the best interest of the Authority to write off each Bad Debt and, thereafter, shall take the following actions:

    a. For Amounts under $15,000. Recommend to the Authority's President/CEO, or his or her designee, that the account be transferred to the Authority's Bad Debts Account and, after approval, provide a list of all written off Accounts Receivable to the Authority's Board of Directors as an information item.

b. For Amounts of $15,000 or more. The Treasurer shall first seek formal approval of the Board to Write Off any Account Receivable or Bad Debt when the amount is valued at $15,000 or more. The report requesting Board approval to Write Off the debt shall include at a minimum the following: the name of the debtor, a description of the agreement, the amount of the debt, the date of the debt, and the reasons why the debt is uncollectible or why it is not in the best interest of the Authority to attempt to collection.

6. Accounting Entries. Once the Board has approved the Write Off of Bad Debt, the Treasurer shall prepare the appropriate accounting entries to remove the Account Receivable from the Authority's books and records.

E. REPORTS.

1. Quarterly Report to Board. Each quarter the Treasurer shall report to the Budget and Finance Committee and to the Board regarding the Treasurer's actions and recommendations to Write Off Bad Debt.

[Amended by Resolution No. 2005-0007 dated February 7, 2005.]
[Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING
PART 4.2 - INVESTMENTS
SECTION 4.20 - POLICY GUIDELINES FOR PRUDENT INVESTMENTS

PURPOSE: To establish a policy governing the investment policies and practices of the San Diego County Regional Airport Authority (the "**Authority**"), including risk management.

POLICY STATEMENT:

It is the policy of the Authority to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Authority. The investment policies and practices of the Authority are based upon prudent money management and conform to all state and local statutes governing the investment of public funds.

This policy also addresses risk management because risk management is an integral part of managing a fixed income portfolio. To focus only on maximizing return is imprudent; therefore, policy issues will be directed to limiting the investment portfolio's exposure to each issue and issuer of debt and criteria for establishing minimum credit requirements that firms must have in order to effect security transactions with the Authority.

(1) Scope. This investment policy applies to all the Authority's investment activities, except for the Employees Retirement and Deferred Compensation funds, which are administered separately. In addition, in the event of a conflict between this policy and permitted investments of bond proceeds as defined by a master indenture or supplemental indenture ("**Indenture**") associated with any Authority debt issuance, the more restrictive parameters of either Cal. Gov. Code or the Indenture will take precedence. The financial assets of all other Authority funds shall also be administered in accordance with the provisions of this policy.

(2) Objectives.

(a) Safety of Principal. Safety of principal is the Authority's foremost objective. To accomplish this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Each investment transaction shall seek to ensure that capital losses are avoided, whether from issuer default, broker/dealer default or erosion of market value. The Authority shall seek to preserve principal by mitigating credit risk and market risk.

(i) Credit risk is the risk of loss due to failure of the issuer to repay an obligation and shall be mitigated by investing in only the highest quality credits and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the Authority's cash flows.

(ii) Market risk is the risk of market value fluctuations due to overall changes in the general level of interest rates and shall be mitigated by:

(A) structuring the portfolio so that securities mature at the same time major cash outflows occur, thereby eliminating the need to sell securities prior to their maturity; and

(B) limiting the average maturity of the Authority's portfolio to three years, Furthermore, no investments will be made in any security with a maturity greater than five years unless the Board has granted its express authority to make such investment specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

It is explicitly recognized, however, that in a diversified portfolio occasional losses may be inevitable and must be considered within the context of overall investment return.

(b) Liquidity. The Authority's investment portfolio will be structured to provide sufficient liquidity to meet the operating requirements of the Authority.

(c) Return on Investment. State law requires that the objective of return on investment be subordinate to the objectives of safety and liquidity. Therefore, investment officials shall seek to achieve a return on the funds under their control throughout all economic cycles, taking into consideration the Authority's investment risk constraints and cash flow requirements.

(3) Authority to Invest Funds.

(a) Policy principles for investment of Authority funds. Monies entrusted to the Authority will be invested and actively managed pursuant to applicable California statutory limitations and the guidance and limitations set forth in the Authority's written policies. Authority for the management and investment of Authority funds rests with the Authority Board of Directors **("Board").** The Board promulgates the policy for investment and management of Authority funds and conducts periodic reviews to ensure compliance with policy and statutory requirements. All persons authorized to make investment decisions for the Authority are trustees of the Authority and owe the Authority a fiduciary duty. All trustees are bound by the prudent investor rule, which requires trustees in making decisions with regards to the Authority's funds to act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Trustees of Authority funds are relieved of personal responsibility for an individual security's risk or market price changes where the trustees at all times were acting in accordance with written procedures and this investment policy, exercising due diligence, taking timely and appropriate action to control adverse developments, and provided timely appropriate reports to the Board regarding the adverse developments with an investment.

(b) Delegation of investment authority to Treasurer. The Board delegates the authority to invest and manage the funds of the Authority to the Authority's Treasurer. Such delegation shall be on a fiscal year basis and subject to renewal by the Board, at its option, after appropriate review of the investment record. The Board reserves the right to revoke the delegation of investment authority at its discretion. The Treasurer shall report to the board the status of Authority's investment portfolio in accordance with Sections (10)(a) and (b) of this policy. Whenever a security is sold at a loss, the Treasurer will record the loss as such in the Authority's accounting system. The Treasurer shall designate in writing an officer or employee of the Authority who shall have authority to execute or authorize execution of an investment trade on behalf of the Authority when the Treasurer is not reasonably available and circumstances require timely action.

(c) Treasurer's responsibility for investments. Investment and management of the Authority's funds shall be solely the responsibility of the Authority's Treasurer, who shall take necessary measures to be fully informed on current market conditions and market trends in general and the condition of the Authority's investment portfolio in particular. The Treasurer shall establish and periodically review for currency and adequacy a system of controls to ensure compliance with the applicable statutory requirements and the Authority's investment policies. The system of controls shall also provide for regulation of subordinate officers and employees as well as investment advisors under contract with the Authority.

(d) Execution of trades by authorized investment advisor. Where the Board has approved a contract for a registered independent investment advisor to assist the Treasurer in the discharge of investment responsibilities and where the Treasurer has approved in writing a strategy to guide the investment of Authority funds, the Treasurer may authorize the investment advisor to execute trades on behalf of the Authority to effectuate the approved investment strategy. The Treasurer shall make such delegation via a document that specifies the boundaries of the delegated authorization. The investment advisor designated to execute trades on behalf of the Authority shall be bound by this policy of the Authority and the Treasurer's written approval of the investment strategy. Authorizing the investment advisor to execute trades on behalf of the Authority does not relieve the Treasurer of responsibility for management and oversight of all investment transactions involving Authority funds. The Treasurer or designated Authority officer or employee, as provided in Section 3(b), when the Treasurer is not reasonably available and circumstances require timely action, must approve in writing all investment transactions that exceed a market value of five million dollars ($5,000,000) prior to execution of the trade. The investment advisor shall not execute any trade through any security broker in whom the investment advisor holds an ownership interest or has a financial interest. The investment advisor shall not take possession of or act as custodian for the cash, securities or other assets. The investment advisor shall provide a written report of all trades made on behalf of the Authority to the Treasurer within twenty-four (24) hours of trade execution.

(4) Ethics and Conflicts of Interest. The Board, Authority officers or Authority employees involved in the investment process shall refrain from any activity that could conflict with proper execution of the investment program or which could impair the Authority's Treasurer's ability to make impartial investment decisions. Authority staff involved with the investment process shall disclose to the Authority's Treasurer any financial interest in financial institutions that conduct business with the Authority and they shall further disclose any personal financial and/or investment positions that could be related to the performance of the Authority's portfolio. Board members, Authority officials and Authority employees shall subordinate their personal investment transactions to those of the Authority, particularly with regard to the time of purchases and sales.

(5) Placement of Trade Execution Orders.

(a) Whenever possible, investment transactions shall be made via a competitive process to ensure the Authority's security transactions are made on terms most favorable to the Authority. Trade execution shall be only through firms registered with the Financial Industry Regulatory Authority (FINRA) and approved by the Treasurer. To ensure security transactions are made via the most competitive process, solicitation of bids to transact a security trade shall be provided equally to all security dealers approved by the Treasurer pursuant to the section (5)(b) of this policy. This policy permits the Authority to purchase investments directly from approved issuers who require no competitive process (e.g., Local Agency Investment Fund (LAIF), the San Diego County Investment Pool (SDCIP), and Local Government Investment Pools (LGIPs).

(b) Other than investments with depository institutions and approved pools, the Treasurer shall only execute trades with security dealers that have been approved to execute security trades on behalf of the Authority. Prior to approving a security dealer to execute security trades, the Treasurer shall determine that the dealer is fully qualified to execute security trades for the Authority. In evaluating whether a specific dealer is so qualified, the Treasurer shall evaluate, at a minimum, the dealer's security registration, financial condition, standing in the investment community, and experience with security trades of the nature to be executed on behalf of the Authority. To be qualified, all financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following information on an annual basis: (1) audited financial statements; (2) proof of Financial Industry Regulatory Authority (FINRA) certification; (3) a trading resolution; (4) proof of California registration; and (5) a completed broker/dealer questionnaire.

(c) Where the Board has approved a contract for a registered independent investment advisor to assist the Treasurer in the discharge of the investment responsibilities, the Treasurer may rely on the advisor's assurances that specific security dealers are fully qualified to execute trades on behalf of the Authority. The investment advisor shall provide such assurances in writing and shall renew the assurances based on an annual review of the financial condition and registrations of qualified bidders.

(6) Authorized Investments.

The Authority is authorized by the applicable sections of Cal. Gov. Code §16429.1, §53600 *et seq*. and §53630 *et seq*. to invest in the following types of securities, further limited herein:

(a) United States Treasury Bills, Bonds and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio that can be invested in this category. Cal. Gov. Code §53601(b)

(b) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio that can be invested in this category. Cal. Gov. Code §53601(f)

(c) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA" or better by an NRSRO and shall not exceed 30 percent of the portfolio. Cal. Gov. Code §53601(q)

(d) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances which are eligible for purchase by the Federal Reserve System and are rated in the highest category by a nationally recognized statistical rating organization (NRSRO), may not exceed 180 days to maturity or 40% of the market value of the portfolio. No more than 10% of the market value of the portfolio may be invested in banker's acceptances issued by any one bank. Cal. Gov. Code §53601(g)

(e) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars ($500,000,000). (iii) Has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.

(2) The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Eligible commercial paper shall have a maturity of 270 days or less. No more than 25% of the market value of the portfolio may be invested in commercial paper. No more than 10% of the market value of the portfolio may be invested in the commercial paper of any single issuer. The amount invested in commercial paper of any one issuer in

combination with any other securities from that issuer shall not exceed 10% of the market value of the portfolio. Cal. Gov. Code §53601(h)

(f) Negotiable Certificates of Deposit (NCDs) issued by a nationally or state-chartered bank, a state or federal savings institution or by a federally licensed or state licensed branch of a foreign bank. Negotiable Certificates of Deposit (NCDs) together with Placement Service Deposits (PSDs) may not exceed 30% in aggregate of the market value of the portfolio. NCDs eligible for purchase shall be rated "A" or better by a NRSRO. The maximum term for NCDs shall be five years. The amount invested in NCDs of any one issuer in combination with any other securities from that issuer shall not exceed 10% of the market value of the portfolio. Cal. Gov. Code §53601(i)

(g) Placement Service Deposits (PSDs). Deposits placed through a deposit placement service that meet the requirements of Cal. Gov. Code §53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance. The maximum term for PSDs shall be three years. Placement Service Deposits (PSDs) together with Negotiable Certificates of Deposit (NCDs) may not exceed 30% in aggregate of the market value of the portfolio. The amount invested in PSDs of any one issuer in combination with any other securities from that issuer shall not exceed 10% of the market value of the portfolio. Cal. Gov. Code §53601.8 and 53635.8

(h) Bank Deposits, including, but not limited to, demand deposit accounts, savings accounts, market rate accounts and time certificates of deposits ("TCDs") in financial institutions located in California. The Authority will invest in financial institutions with a net worth of ten million dollars and total assets in excess of $50 million. Such deposits in each bank shall be limited to no more than 5% of the total assets of the bank. To be eligible to receive Authority deposits, the financial institution must have received a minimum overall satisfactory rating, under the Community Reinvestment Act, for meeting the credit needs of California Communities in its most recent evaluation. Bank deposits are required to be collateralized as specified under Cal. Gov. Code §53630 *et seq.* The Treasurer may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The Authority shall have a signed agreement with any depository accepting Authority funds per Cal. Gov. Code §53649. The maximum maturity of TCDs is three years. A maximum of 20% of the market value of the portfolio may be invested in TCDs. The amount invested in TCDs of any one issuer in combination with any other securities from that issuer shall not exceed 10% of the market value of the portfolio. Cal. Gov. Code §53630 *et seq.*

(i) Medium Term Notes (MTNs), defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States rated "A" or better by a NRSRO and be issued by a corporation organized and operating within the United States. The aggregate total of MTNs may not exceed 15% of the market value of the investment portfolio. The amount invested in MTNs of any one issuer in combination with any other securities from that issuer shall not exceed 10% of the market value of the portfolio. Cal. Gov. Code §53601(k)

(j) Repurchase agreements (RPAs) shall only be made with financial institutions having a credit rating of not less than "A" by a NRSRO. The Security Industry and Financial Markets Association (SIFMA) master repurchase agreement shall be the Authority's master repurchase agreement.

The term of the agreement may not exceed one year.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in 6(a) and 6(b) above, will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Authority's custodian bank versus payment or be handled under a tri-party repurchase agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value plus accrued interest, 102% of the total dollar value of the money invested by the Authority for the term of the investment. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a regular basis.

Market value must be calculated each time there is a substitution of collateral.

The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement. Cal. Gov. Code §53601(j)

(k) The Local Agency Investment Fund ("**LAIF**"), established by the State Treasurer for the benefit of local agencies and identified under Cal. Gov. Code §16429.1 *et seq*. The market value of the Authority's investment in LAIF may not exceed the current deposit limit for regular LAIF accounts.

(l) The San Diego County Investment Pool ("**SDCIP"**) as authorized by Cal. Gov. Code §53684. The market value of the Authority's investment in SDCIP may not exceed the current deposit limit for regular LAIF accounts.

(m) Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or (**"LGIPs"**)) organized pursuant to Cal. Gov. Code §6509.7 that meet the requirements of the Investment Trust of California (CalTRUST), as authorized by California Government Code §53601(p). The market value of the Authority's investment in each of the CalTRUST funds may not exceed the current deposit limit for regular LAIF accounts.

(n) Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or ("**LGIPs**")) organized pursuant to Cal. Gov. Code §6509.7 that meet the requirements of Cal. Gov. Code §53601(p). The market value of the Authority's investment in any LGIP may not exceed the LAIF statutory limit. Prior to investing, the Treasurer will complete a thorough investigation of the potential investment. Whenever the Authority has any funds so invested, the Treasurer shall maintain on-going monitoring including the following:

(i) Establish the investment is a legal investment under Cal. Gov. Code.

(ii) A description of eligible investment securities, and a written statement of investment policy and objectives. All investments must comply with the eligible investments outlined in this policy. In the event that any investments do not comply with the eligible investments outlined in this Policy, the Treasurer will assess the potential risk of a substantial investment loss related to the investment(s) not in compliance.

(iii) The issuer must have a current AAAm rating, provide a constant dollar pool with a stated objective of maintaining a $1 net asset value, meet an asset size of $1 billion at the time of investment, and provide for third-party custody of portfolio assets.

(iv) A description of interest calculations and how it is distributed, and how gains and losses are treated.

(v) A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.

(vi) A description of who may invest in the program, the type and number of governmental participants, investor concentrations, what size deposit and withdrawal are allowed, and what time restrictions are placed on these deposits and withdrawals.

(vii) A schedule for receiving statements and portfolio listings.

(viii) Determination of how reserves, retained earnings, etc. are utilized by the fund.

(ix) A fee schedule, and when and how it is assessed. Cal. Gov. Code §53601(p).

(o) The Authority may place funds in shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. §80a-1 *et seq*.). Investment in money market funds may not exceed 20% of the market value of the portfolio with no more than 10% of the market value of the portfolio in any single fund. Additionally, each selected fund shall be large enough that the Authority's investment does not constitute more than 5% of the total fund balance. To be eligible for investment, these companies shall either:

(i) Attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, or

(ii) Retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than 5 years' experience managing money market mutual funds with assets under management in excess of $500,000,000. Cal. Gov. Code §53601(l)

(p) The Authority may invest in: (i) Registered state warrants or treasury notes or bonds of this state including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of this state; (ii) Registered treasury notes or bonds issued by any of the other 49 States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state; and (iii) Bonds, notes, warrants or other evidence of debt issued by a local agency or municipality located within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Securities eligible for investment under this paragraph shall be rated at least "A" by a NRSRO. Purchase of securities authorized by this subdivision may not exceed 20% of the Authority's portfolio. The amount invested with any one issuer shall not exceed 5% of the portfolio. Cal. Gov. Code §53601 (c), (d), (e).

(q) Permitted Investment for Bond Proceeds. All investment types listed above are authorized investments for bond proceeds. The percentage or dollar limitations listed above do not apply to bond proceeds investments. In addition to the above investments, bond proceeds may be invested in the following:

Investment agreement or guaranteed investment contract (a) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term rating category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is three years or longer) by one or more of the Rating Agencies, or (b) which investment agreement or guaranteed investment contract is fully secured by obligations described in items (a) or (b) of this section which are the following:

> (i) Valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, and
>
> (ii) Held by any Federal Reserve Bank or a depository acceptable to the Treasurer or any Authority bond trustee, and
>
> (iii) Subject to a perfected first lien on behalf of the Authority or any bond trustee and free and clear from all third-party liens

The Board has expressly granted the Treasurer the authority to invest debt service reserve funds in U.S. Treasury, federal agency, municipal securities and investment agreements (which meet the requirements of this Investment Policy and the Indenture) with maturities exceeding 5 years if it is considered to be in the best interest of the Authority and if the maturity of such investments does not exceed the expected use of the funds. Reserve fund investments beyond 5 years are specifically excluded from the mathematical calculation of the average maturity of the Authority's portfolio.

(7) Prohibited Investments. Investments not described herein, including but not limited to, inverse floating rate notes, range notes, interest-only strips that are derived from a pool of mortgages, and common stocks are prohibited from use in this portfolio. The Authority shall not invest any funds in any security that could result in zero interest accrual and zero discount accretion if held to maturity. Cal. Gov. Code §53601.6

(8) Safekeeping of Securities. To protect against potential losses by the collapse of individual securities dealers, all securities owned by the Authority shall be held in safekeeping by a third person bank trust department acting as agent for the Authority under the terms of a custody agreement executed by the bank and the Authority. All securities will be received and delivered using standard delivery versus payment procedures. The only exception to the foregoing shall be: (i) LAIF; (ii) the SDCIP; (iii) LGIPs; (iv) money market mutual funds, and (v) Deposits (TCDs & PSDs), since the purchased securities are not deliverable. A record of these investments shall be held by the Treasurer.

All investment officers shall be bonded and all investment accounts subject to surprise audits performed no less than on a quarterly basis.

(9) Portfolio Limitations. Percentage limits and credit criteria are applied at the time of purchase. If a percentage-of-portfolio limitation is exceeded due to reduction in portfolio size, the affected securities may be held to maturity to avoid losses. When no loss is indicated, the Authority's Treasurer shall consider restructuring the portfolio basing the decision in part on the expected length of time the portfolio will be imbalanced. The Treasurer shall report all such imbalances in the monthly report to the Board. In the event that an investment originally purchased within policy guidelines is downgraded below the policy requirements by any one of the NRSROs, the course of action to be followed by the Treasurer will then be decided on a case-by-case basis, considering such factors as the reason for the downgrade, prognosis for recovery or further rating downgrades, and the market price of the security.

(10) Reporting Requirements.

(a) In accordance with Cal. Gov. Code §53646, on a quarterly basis, the Authority's Treasurer shall prepare in accordance with GAAP and GASB 31 a report detailing investments and investment activity and transmit same to the Executive Officer, the Internal Auditor and the Board.

(i) The report shall be submitted within 30 days of the end of the quarter covered by the report.

(ii) The report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and monies held by the Authority.

(iii) The report shall include a description of any funds, investments, or programs that are under the management of contracted persons.

(iv) The report shall also include a current market value on a market-to-market basis as of the report date using an established identified independent source for the valuation.

(v) The report shall state compliance of the portfolio to the statement of investment policy or the manner in which it is not in compliance.

(vi) The report shall state the Authority's ability to meet its budgeted expenditure requirements for the next six months or to explain why sufficient money may not be available.

(b) In accordance with Cal. Gov. Code §53607, the Authority's Treasurer shall make a monthly report of investment transactions to the Board.

(11) Internal Control. The development of internal controls is a function of management. The Authority's Treasurer shall establish and document a system of internal controls that will provide 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
- Promoting effectiveness and efficiency of operations

In addition, the Authority's Treasurer shall:

(a) Establish an annual process of an independent review by an external examiner.

(b) Develop performance standards. Those performance standards will be reviewed by the Treasurer and presented as an information item to the President/CEO and the Board. On a quarterly basis, as part of the reporting requirements the Authority's Treasurer shall report actual compared to the performance standard and any substantial deviations shall be explained.

(c) Review the Authority's investment policy annually at a public meeting and obtain Board approval and adoption of the policy to ensure its consistency with the Authority's objectives of preservation of principal, liquidity, rate of return and the policy's relevance to current law and financial and economic trends. The Authority's Treasurer is responsible for maintaining guidance over the Authority's investment policy and ensuring that the Authority can adapt readily to changing market conditions and shall submit to the Board any modification to the investment policy prior to implementation.

(12) Glossary of Terms.

Asked: The price at which securities are offered (that is, the price at which a firm will sell a security to an investor).

Bankers' Acceptance (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Bid: The price offered for securities (that is, the price at which a broker or dealer will pay to purchase a security an investor owns).

Broker: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not take a position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

Certificate of Deposit (CD): See: Time Certificate of Deposits, Negotiable Certificates of Deposits.

Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commercial Paper (CP) - An unsecured short-term promissory note issued by corporations and local governments, with maturities ranging from 1 to 270 days. Commercial paper is usually issued at a discount from par with a zero coupon. Highly-rated, or "Prime" commercial paper carries a Standard & Poor's rating of A1 or A1+, a Moody's rating of P1, and/or a Fitch rating of F1 or F1+.

Constant Maturity Treasury (CMT) – A calculated average released by the Federal Reserve of all Treasury yields along a specific maturity point. This calculation is frequently used as a benchmark for conservative government portfolios.

Coupon: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; (b) A certificate attached to a bond evidencing interest due on a payment date.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his or her own account.

Debenture: A bond secured only by the general credit of the issuer.

Delivery versus Payment: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free delivery). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Discount: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be selling at a discount.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Federal Farm Credit Bank (FFCB): The Federal Farm Credit Bank System is the oldest of the government sponsored enterprises, created by an act of Congress in 1916. Its mission is to provide a reliable and low cost source of funds to support agriculture in the United States. Unlike commercial banks, System banks do not take deposits. Instead, funds for loans are obtained through the issuance of debt securities. FFCB long-term senior debt ratings have traditionally mirrored those of the U.S. government.

Federal Home Loan Banks: Federal Home Loan Banks provide a source of low cost loan funding to U.S. banks. Within their collective membership, the FHLBank System represents the largest source of home mortgages in the United States. The System does not provide loans directly to individuals, only to other correspondent banks. System banks do not take deposits. Instead, funds for loans are obtained through the issuance of debt securities. FHLB long-term senior debt ratings have traditionally mirrored those of the U.S. government.

Federal Home Loan Mortgage Company (FHLMC or "Freddie Mac"): The Federal Home Loan Mortgage Corporation (FHLMC), commonly referred to as "Freddie Mac", was created in 1970 to assist its sister company, Fannie Mae, by purchasing mortgage loans in the secondary market, pooling them together, and selling them to investors in the form of mortgage-backed securities. By providing a secondary market for home loans, Freddie Mac increases the amount of money available for mortgage lending. In September 2008, Freddie was placed under Federal government conservatorship as a result of a decline in the underlying market value of the mortgage loans it held and guaranteed. Like Fannie Mae, Freddie Mac issues debt in maturity ranges from one-day to 30 years, and its long-term senior debt rating has traditionally mirrored U.S. Treasury debt due to its reliance on the U.S. government.

Federal National Mortgage Association (FNMA or "Fannie Mae"): The Federal National Mortgage Association (FNMA), commonly referred to as "Fannie Mae", was created in 1938 during the Great Depression to provide a secondary market for mortgage loans by purchasing groups of loans from lenders and packaging them into pools of mortgage-backed securities that can then be sold to investors. To facilitate this process, Fannie Mae also issues debt in maturity ranges from one-day to 30 years. The company's long-term senior debt rating has traditionally mirrored U.S. Treasury debt due to its reliance on the U.S. government. Although Fannie Mae had operated as a private company since 1968, it was placed under Federal government conservatorship in September 2008 as a result of a decline in the underlying market value of the mortgage loans it held and guaranteed.

Government National Mortgage Association (GNMA or "Ginnie Mae"): Long-term mortgage-backed securities backed by FHA and VA loans guaranteed by the full faith and credit of the U.S. Treasury. The term "pass-through" is often used to describe Ginnie Mae securities as principal and interest payments from the underlying homeowners are passed along to investors.

Federal Open Market Committee (FOMC): A group of Federal Reserve Officials that meet eight times per year to set U.S. monetary policy (raises and lowers interest rates). The Committee must balance its two primary and often conflicting objectives of achieving stable economic growth and keeping inflation at acceptable levels

Fed or Federal Reserve Bank: The Central Bank of the U.S. responsible for supervising and regulating member banks, providing banking services, providing information, and setting monetary policy through the FOMC.

International Bank for Reconstruction and Development (IBRD or World Bank). The International Bank for Reconstruction and Development was created in 1944 to help Europe rebuild after World War II. Today, its purpose is to assist with reconstruction and poverty reduction through an inclusive and sustainable globalization. The IBRD is owned and governed by its member governments. The United States is the IBRD's leading shareholder.

International Finance Corporation (IFC): The IFC is a member of the World Bank Group. Its focus is on assisting with private sector development in developing countries. The IFC is owned and governed by its member governments. The United States is the IFC's leading shareholder.

Inter-American Development Bank (IADB): The IADB was established in 1959 to Provide financing and expertise for sustainable economic, social, and institutional development in Latin America and the Caribbean. The IADB is owned and governed by its member governments. The United States is the IADB's leading shareholder.

Inverse Floating Rate Note: A debt security with an interest rate stated as a fixed rate minus a variable rate index. This calculation causes the rate on the inverse floater to move in the opposite direction of general interest rates. This instrument generally performs well in a declining interest rate environment but will lose value if rates rise.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between the bid and asked prices is narrow and reasonable size can be done at those quotes.

Local Government Investment Pools (LGIPs): Shares of beneficial interest issued by a joint powers authority organized pursuant to Cal. Gov. Code §6509.7. LGIPs offer a diversification alternative to LAIF and SDCIP for short-term cash management facilities.

Market Value: The price at which a security is trading and could presumably be sold.

Master Repurchase Agreement: A written contract covering all future transactions between counterparties to repurchase agreements and reverse repurchase agreements that establish each entity's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Medium Term Notes: A class of debenture that is defined as all corporate and depository debt securities with a maximum remaining maturity of five years or less.

Money Market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

Nationally Recognized Statistical Rating Organization (NRSRO): A credit rating agency (CRA) that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes.

Negotiable Certificate of Deposit (NCD): A type of CD that is at least $100,000 and can also be traded on a highly liquid secondary market.

Placement Service Deposit (PSD): A type of deposit that uses a deposit placement service. The placement service will allow the bank with which the investment is placed to split the initial deposit into multiple pieces that are then distributed among a network of banks, such that the full amount of the deposit is protected by the FDIC insurance of each participating bank.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities, broker/dealers, banks and a few unregulated firms.

Prudent Investor Standard: A legal doctrine that requires fiduciaries to make investments using the prudence, diligence, and intelligence that would be used by a prudent person in making similar investments.

Rate of Return: A standard performance measurement that considers the coupon interest a security or portfolio of securities receives, along with any realized gain or loss, along with any change in unrealized market gain or loss. Depending on market volatility, the rate of return could differ significantly from the average yield of a portfolio.

Rating Agency: Nationally recognized credit rating agency such as Fitch, Moody's or S&P.

Rating Category: A credit rating assignment by a Rating Agency shall mean (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

Repurchase Agreement (RP or Repo): A type of financial agreement in which an investor exchanges cash for securities with a primary dealer or bank and earns a fixed rate of interest for a specified period. At the end of the period, securities are returned in exchange for the principal amount, along with accrued interest. Dealers and banks use repo proceeds to finance their inventory positions.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Sec Rule 15C3-1: See Uniform Net Capital Rule.

Securities and Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Strip (Bonds): Brokerage-house practice of separating a bond into its principal and interest, which are then sold as zero coupon bonds.

Time Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs are typically negotiable.

Treasurer: The Vice President of Finance/Treasurer of the Authority or the authorized designee or representative as designated by the President/Chief Executive Officer.

Treasury Bill: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

Treasury Bond: Long-term U.S. Treasury security having initial maturities of more than ten years.

Treasury Note: U.S. Treasury security having initial maturities between two and 10 years.

Uniform Net Capital Rule: Securities and Exchange Commission requirement that member firms as well as nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

Yield: The rate of annual income return on an investment, expressed as a percentage. (A) **Income Yield** is obtained by dividing the current dollar income by the current market price for the security. (B) **Net Yield or Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

[Amended by Resolution No. 2015-0043 dated May 21, 2015]
[Amended by Resolution No. 2014-0051 dated June 5, 2014]
[Amended by Resolution No. 2013-0049 dated June 6, 2013]
[Amended by Resolution No. 2012-0059 dated June 7, 2012]
[Amended by Resolution No. 2011-0064 dated June 2, 2011]
[Amended by Resolution No. 2010-0059 dated June 3, 2010]
[Amended by Resolution No. 2009-0123 dated October 1, 2009]
[Amended by Resolution No. 2008-0118 dated September 4, 2008]
[Amended by Resolution No. 2006-0010 dated February 6, 2006]
[Amended by Resolution No. 2005-0102 dated September 8, 2005]
[Amended by Resolution No. 2004-0133 dated December 6, 2004]
[Amended by Resolution No. 2004-0100 dated October 4, 2004]
[Amended by Resolution No. 2004-0032 dated April 5, 2004]
[Adopted Resolution No. 2002-02 dated September 20, 2002]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING
PART 4.2 - INVESTMENTS
SECTION 4.21 - POLICY REGARDING THE USE AND MANAGEMENT OF DERIVATIVE PRODUCTS

---

(1) PURPOSE:

The purpose of this "Policy Regarding the Use and Management of Derivative Products" (the "Policy" or "Derivatives Policy") for the San Diego County Regional Airport Authority ("SDCRAA" or the "Authority") is to establish guidelines for the Authority to enter into and to manage various types of currently available financial contracts including interest rate swaps, options, caps, collars, floors, hedges and rate locks. These products are collectively referred to herein as "Derivatives" or "Derivative Product(s)". Derivative Products, as contemplated in this Policy, are classified into two categories:

a. those governed by standard International Swap Dealers Association ("ISDA") Agreements (see "Form" herein), and

b. those governed by other forms of agreement ("other derivatives").

All agreements and binding obligations associated with Derivative Products must receive the formal approval of the Board prior to execution of a transaction.

Subject to Board approval, derivative products are almost exclusively governed by a "master agreement" established by the International Swap Dealers Association ("ISDA"), a generic document that governs the basic terms of the swap. It sets out the broad parameters of the transaction, including a set of definitions, general payment provisions, netting arrangements, events of default and events of early termination.

Each ISDA master agreement is accompanied by and subject to a confirmation and a schedule, which supplement and override, to the extent of any inconsistency, the master agreement. The agreements are standard forms used in the industry and are widely accepted in the marketplace. They allow market participants to trade swaps in a well-defined secondary market and reverse swaps with existing counterparties.

Other derivative forms of agreement lack this defined secondary market and will require additional Board disclosures including receipt of detailed analytic evaluation that provides a strong and compelling rationale for their use. This Policy does not contemplate the use of such products at this time.

This Derivatives Policy provides guidelines for the Vice President Finance/Treasurer, professional Finance Department staff and the Authority's Board of Directors (the "Board"), as well as the Authority's Financial Advisor and the Authority's Swap Advisor (collectively, the "Advisors") as well as all financial institutions wishing to do business with the Authority.

No Derivative Product may be executed by the Authority without the prior approval of the Board.

(2) PHILOSOPHY REGARDING THE USE OF DERIVATIVE PRODUCTS:

Derivative Products can be appropriate interest rate management tools. Properly used, they can increase the Authority's financial flexibility and provide opportunities for interest rate savings, enhanced investment yields, or reduced risk. Derivative Products should be considered in the context of the Authority's overall debt and investment management policy.

Derivative Products may be used when they achieve a specific objective consistent with the Authority's overall financial policy[1] (see "Permitted Uses" herein).

If used improperly, Derivative Products could expose the Authority to undue risk or risk for which compensation is insufficient. They should never be used for speculation (see "Prohibited Uses" herein).

The Authority may use the following products after identifying the specific financial objective to be attained and assessing the accompanying risks:

a. **Interest Rate Swaps** – (see "Legality" herein) Immediate or forward starting floating-to-fixed rate swaps may be used to capture current market fixed interest rates or eliminate variable rate exposure. Fixed-to-floating rate swaps may be used to create additional variable interest rate exposure.

b. **Interest Rate Caps** – Financial contracts (e.g., caps, collars, floors) may be used to limit or contain exposure to interest rate volatility.

c. **Rate Locks** – These are most typically based on interest rate swaps and may be used to hedge an upcoming fixed rate bond issue.

The above list is representative and not all-inclusive.

[1] They may be used, for example, to lock in a current market fixed rate or create additional variable rate exposure, to produce interest rate savings or alter the pattern of debt service payments. They may also be used to cap, limit or hedge variable rate payments.

(3) SCOPE AND APPROVALS:

This Derivatives Policy shall govern the Authority's use and management of Derivative Products, describing the circumstances and methods by which they will be used, providing guidelines to be employed when they are used, and identifying the responsible parties involved in the implementation of this Policy.

While adherence to this Policy is required whenever the Authority enters into an agreement (see "Form" herein) to utilize a Derivative Product, the Authority recognizes that changes in the capital markets and in the Authority's strategic goals and tolerance for risk, and other unforeseen circumstances, may from time to time, give rise to issues or situations that are not covered by this Policy. Subject to Board approval of all agreement documents, this Policy provides the CEO/ President, and other employees designated by the President/CEO, to incorporate different and additional restrictions, as long as such restrictions are not inconsistent with this Policy. Any of the provisions and/or restrictions contained in this Policy can be modified by the Board.

Prior to entering into any transaction involving Derivatives, staff must obtain the Board's approval of the maximum notional amount, the maximum term, the average life, and all agreement documents associated with such Derivative Product. The General Counsel and Bond Counsel of the Authority shall determine whether a proposed Derivative Product complies with all applicable provisions of the Authority's Master Senior and Subordinate Indenture, any resolutions and agreements related to the Authority's outstanding debt, and whether or not the use of such Derivative Product will adversely impact the rights of any holder of the Authority's outstanding bonds or notes.

The President/ CEO, or such other employees designated by the President/CEO, will be delegated by the Board to carry out the necessary steps to enter into, monitor and administer any Derivative Product it has approved. This delegation shall be in accordance with the Board's approval and within the parameters established under this policy.

The Board will consider the array of benefits available from the use of each proposed Derivative Product, including, as appropriate: portfolio composition, debt management, mitigation of interest rate risk, lowering the cost of debt service, or expected changes in interest rates. A written analysis of the expected benefits as well as the potential risks associated with a proposed Derivative Product shall be presented to the Board as further described herein (see "Analytical Procedures").

(4) LEGALITY:

SDCRAA's authority to enter into transactions utilizing Derivative Products is based on its general contractual powers and Section 5903 of the Government Code. Its ability to pledge Authority revenues to its payment obligations with respect to such Derivative Products, specifically Interest Rate Swaps, is authorized by provisions contained in the Authority's Master Senior Lien Indenture and Subordinate Lien Indenture as described below.

Interest rate swaps are one of many Derivative Products, but are the most commonly used of all derivatives.[2] They are described in the Authority's Master Senior Lien Indenture, which provides for the issuance of a "Qualified Swap":

"…any Swap (a) whose Designated Debt is all or part of a particular Series of Bonds; (b) whose Swap Provider is a Qualified Swap Provider or has been a Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Annual Debt Service or Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Designated Debt, or to a specified mandatory tender or redemption of such Designated Debt; and (d) which has been designated in writing to the Trustee by the Authority as a Qualified Swap with respect to such Bonds."

(5) PERMITTED USES:

Recognizing the effects of continual innovation in the financial markets, this Policy acknowledges that the Authority's reasons for using Derivatives may change over time.

The current uses for Derivatives may include:

a. Managing the Authority's exposure to floating and fixed interest rates;

b. Providing the ability to lock in long term fixed rates more quickly than is typically possible with the issuance of conventional fixed rate bonds;

c. Managing the Authority's exposure to the risk of changes in legal and regulatory treatment of tax exempt bonds, including changes in federal marginal tax rates, or the elimination of or modifications to the Alternative Minimum Tax ("AMT");

d. Managing the Authority's credit exposure to financial institutions and other entities through the use of offsetting swaps; and,

e. Other applications that enable the Authority to increase income, lower costs or strengthen the Authority's balance sheet.

When an interest rate swap is being used in lieu of conventional fixed rate bonds to fix the interest cost and lock-in savings in a current, advance or forward refunding of outstanding Authority debt, as a general rule, the level of present value savings generated by the swap should *exceed* the savings hypothetically produced by a conventional bond refunding with comparable redemption provisions.

[2] Interest Rate Swaps are defined as arrangements whereby two parties (called "counterparties") enter into an agreement to exchange periodic interest payments based on a fixed ("notional") amount of principal. One of the counterparties typically makes payments at a fixed rate, and the other at rates that fluctuate periodically according to a predetermined published index (LIBOR or BMA). Only interest payments are exchanged.

In general, present value refunding savings generated by the use of interest rate swaps should exceed the following thresholds (compared against a conventional fixed rate issue)[3]:

Index	Callable (10 years at 100%)	Non-Callable
***Baseline**:* *Conventional Bonds*	*5%*	*7%*
BMA	6%	8%
LIBOR	8%	10%

(6) PROHIBITED USERS:

Recognizing the effects of continual innovation in the financial markets, this Policy acknowledges that the Authority's reasons for using Derivatives may change over time.

As the use of Derivatives entails financial risks, the Authority shall enter into them only in accordance with this Policy. If used improperly, Derivative Products could expose the Authority to undue risk or risk for which compensation is insufficient.

The use of Derivative Products is prohibited under the following circumstances:

a. When the use of Derivatives is for speculative purposes, such as potential trading gains or interest rate speculation, rather than for hedging interest rate risk in connection with the Authority's debt program;

b. Where the Authority does not have or can not obtain sufficient liquidity to terminate an existing Derivative Product at current market values;

c. Where there is insufficient price transparency to permit the Authority or its advisors to reasonably value the Derivative Product, for example, as a result of unusual embedded structures or terms.

(7) EFFECTIVE HEDGES:

The Authority understands that:

a. If payments on and receipts from the Agreement are to be taken into account in computing the yield on the related bonds, the Agreement must meet the requirements for an "effective hedge" under federal tax law and generally accepted accounting principles (GAAP) (sometimes referred to as an "integrated" swap); and

[3] A specific transaction that produces a lower level of savings may be entertained if warranted by special circumstances, such as: (i) a desire to restructure debt service; (ii) the inclusion of callable bonds which if not called would be wasting assets; and (iii) a relatively short remaining average life.

b. If one of the goals of entering into the Agreement is to convert variable yield bonds into fixed yield bonds (sometimes referred to as a "super integrated swap"), then certain additional requirements must be met.

In both of these situations, the terms of the Agreement and the process for entering into the Agreement must be reviewed and approved in advance by the Board, General Counsel, Bond Counsel and Tax Counsel.

(8) FORM:

Unless otherwise approved by the Board, the Authority will use the preferred form of the International Swap Dealers Association ("ISDA") swap documentation (the so-called "Single Currency, Single Jurisdiction" form). Any agreements (the "Agreement") between the Authority and its counterparties will include payment, term, security, collateral, default, remedy termination and other terms, conditions and provisions as the Authority, in consultation with its General Counsel, its Advisors, and Bond Counsel deem necessary and desirable.

(9) ANALYTICAL PROCEDURES:

Prior to seeking the Board's authorization to implement any proposed Derivative transaction**,** Finance staff and the Advisors shall undertake an identification and evaluation of the financial benefits and risks involved in the transaction and summarize them clearly and concisely for the Board. In addition, the analysis should outline any measures that will be taken to mitigate those risks (recognizing that the significance of various risks may vary from transaction to transaction) and calculate estimates of financial results under various scenarios including (but not limited to) different levels of future interest rates. The summary shall include an evaluation of the following risks, as appropriate:

Type of Risk	Description	Evaluation Methodology
Interest Rate Risk	The Authority's exposure to interest rate fluctuations while utilizing the Derivative Product.	The Authority will evaluate the historical trading levels of the index (BMA or LIBOR) and apply appropriate stress tests.
Basis Risk	The mismatch between the interest rate associated with variable rate debt and the index rate (viz., BMA or LIBOR) used to calculate the swap payment.	The Authority will review historical trading differentials between rates on variable rate instruments and the selected index.
Tax Risk	The Authority's exposure to higher interest expense, lower investment earnings, extraordinary payments, termination or other adverse consequences as a result of an actual or anticipated future change in Federal income tax law or policy.	The Authority will review "tax events" in proposed swap agreements and evaluate the financial impact of potential changes in tax law on LIBOR indexed swaps.
Counterparty Risk	The failure of the counterparty to make required payments. Multiple offsetting swaps compounds counterparty risk.	The Authority will monitor exposure levels, ratings threshold and collateralization requirements as they relate to its counterparties.
Credit Risk	The exposure of the Authority to changes in the creditworthiness of the counterparty and/or insurers or liquidity providers.	The Authority will ensure that appropriate safeguard provisions are included in the legal documentation for any Derivative Product (e.g., collateral, assignment).
Credit Ratings Risk	The potential impact of the proposed Derivative Product on the Authority's current or future credit ratings.	The Authority will err on the side of conservatism in the size, structure and term of any Derivative Products it uses to mitigate any adverse potential effects on ratings.
Cost Recovery Risk	The potential impact of an involuntary termination or other unforeseen cost on the Authority's financial operations and on airline rates and charges, to the extent that the benefits and risks of Derivative	In approving any Derivative Product, the Authority shall evaluate the expected allocation of the benefits and risks of such Derivative Product between itself and the airlines to ensure that

Type of Risk	Description	Evaluation Methodology
	Products are shared with the airlines through the rates and charges formula.	such allocation is fair and reasonable.
Variable Rate Exposure	The potential when using Derivative Products for increasing the Authority's level of variable rate debt beyond desirable internal policy limits, either through the use of conventional or forward variable rate debt instruments.	The Authority will calculate the level of variable rate debt taking into account the proposed Derivative Product, its outstanding variable rate debt and its plans for the future issuance of variable rate debt.
Termination Risk	The Authority's exposure to an involuntary termination, including the magnitude of any potential termination payment and the impact of such payment on its liquidity and credit.	The Authority will apply at least a 250 basis point stress test to existing interest rates to evaluate termination payment risk.
Amortization Risk	The mismatch of the maturity of the swap and the maturity of the underlying bonds.	The Authority will take all reasonable steps to ensure that the amortization of any derivative product is consistent with the amortization of the underlying debt.
Market Access Risk	The dependence of successful completion of a future bond issue to the financial effectiveness of the Derivative Product.	The Authority will take all reasonable steps to ensure that it will have the capability to issue debt associated with a forward delivery swap. If market conditions do not permit access, the Authority risks the premature termination of the swap and attendant payments.
Accounting Risk	The impact of the proposed Derivative Product on the Authority's financial statements and on the required accounting treatment for the proposed Derivative product.	The Authority will consult with its accountants on these issues to ensure that derivative transactions meet the "effective hedge" standard and hedge accounting applies.
Administrative Burden	The operational requirements and estimated incremental costs associated with adequately	The Chief Financial Officer and Treasurer will provide a cost/benefit estimate taking into

Type of Risk	Description	Evaluation Methodology
	administering and monitoring the proposed Derivative Product.	account additional staffing, if any, and the expected time to be spent by current staff on administration of Derivative Products versus the expected savings to the Authority.
Liquidity Risk	The inability to maintain or renew a liquidity facility, such as a Letter of Credit, Line of Credit and/or Insurance.	The Authority will evaluate the expected availability of liquidity support for conventional and synthetic variable rate debt products.
Qualified Hedge Risk	The financial impact should the IRS or financial statement auditors determine that a swap does not qualify as a hedge under their strict standards and measures.	The Authority will receive a legal opinion that the transactions meet the IRS and GAAP standards outlined prior to execution of agreement. After issuance, the Authority will annually review the performance of the hedge to ensure continued compliance with US Treasury and accounting guidelines.

Using these elements of potential risk as a checklist, the Authority will track and evaluate its Derivative program(s) on a regular basis.

(10) GUIDELINES:

In addition, subject to the provisions contained herein, the terms of any Agreement shall reflect the following guidelines:

a. **Downgrade provisions** triggering terminations shall in no event be worse for the Authority than those affecting the counterparty.

b. **Governing law** for Agreements will be determined at the time of the Agreement, except that matters relating to the enforcement of the Agreement against the Authority will be governed by the laws of California.

c. The **specified indebtedness related to Authority credit events** in any Agreement should be narrowly defined and should refer only to indebtedness of the Authority that could have a materially adverse effect on the Authority's ability to perform its obligations under the Agreement.

d. The Authority shall have the right to **optionally terminate** an Agreement at "market", at any time over the term of the Swap Agreement.

e. **Termination value** should be set by utilizing a "Market Quotation Methodology, Second Method", unless the Authority, in consultation with its Swap Advisor, deems an alternate method to be appropriate.

(11) TERM AND NOTIONAL AMOUNT:

The Authority, subject to Board approval, shall determine the appropriate term for an Agreement on a case-by-case basis. The slope of the swap curve, the marginal change in swap rates from year to year along the swap curve, and the impact that the term of the swap has on the overall exposure of the Authority shall be considered in determining the appropriate term of any Agreement. In connection with the issuance or carrying of bonds, the term of an Agreement between the Issuer and a qualified Counterparty shall not extend beyond the final maturity date of the related bonds of the Issuer, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds, or in the case of a hedging transaction for bonds expected to be issued, not later than the expected final maturity date of the proposed bonds.

The notional amount of the Agreement at no time will exceed the outstanding principal amount of the bonds being hedged.

(12) METHOD OF PROCUREMENT:

The Authority will competitively bid Derivative Products that are non-proprietary or generally available in the marketplace. No fewer than three (3) bids shall be solicited. The Authority may choose to reward a specific firm(s) for consistently providing original ideas in a timely fashion or for applying derivative products in a manner that creates additional value for the Authority by giving such firm the ability to match the lowest bid received in a competitive bidding process.

Under special circumstances and on a product by product basis, the Authority may, on the written advice of its advisors, seek the approval of the Board to negotiate the procurement of derivative products with customized or specific attributes designed on the Authority's behalf, which attributes render the product infeasible or inappropriate for competitive bidding. The final agreements shall be subject to the approval by the Board prior to execution.

As a required condition for a negotiated transaction, the Authority shall obtain an unqualified Fair Market Value opinion regarding the pricing of such transaction from the Swap Advisor. The Authority will attempt to obtain from the Counterparty all markups and profits on the derivative transaction. The Counterparty will be required to disclose any payments to third parties including brokers, lobbyists, and consultants, if any were engaged to assist the counterparty in procuring business with the Authority.

(13) QUALIFIED COUNTERPARTIES:

Standards of creditworthiness, as measured by credit ratings issued by Moody's Investors Services, Standard & Poor's Rating Services and Fitch Investors Ratings Service (currently, the three nationally recognized rating agencies) will determine eligible Counterparties. In addition, eligible Counterparties should have demonstrated experience in successfully executing derivative transactions.

The Authority, subject to Board approval, shall enter into Agreements for Derivative Products only with counterparties with the strongest credit ratings. The Authority commits that it will only enter into Agreements for Derivative Products with Counterparties rated no lower than the double-A category by all three rating agencies. In making this determination, each counterparty must have a current rating from at least two of the three ratings agencies. Each rating must reflect the claims paying ability of the entity entering into or guaranteeing the Counterparty's performance under the proposed Agreement.

(This policy is not intended to restrict transactions which involve an upfront payment to the issuer which, in the determination of the Swap Advisor, would be unaffected by a subsequent default by the Counterparty.)

If the Counterparty's applicable rating falls below the double-A category from any one of the three rating agencies, the Counterparty shall be required to post the Collateral Requirement as described below.

An Agreement with any Counterparty whose rating falls below the single-A category from any of the three applicable rating agencies, or who ceases to have a rating from at least two of the applicable rating agencies shall be subject, at the option of Authority, to immediate termination and payment of the Counterparty Termination Value to the Authority as defined below. The Authority will seek to require, whenever possible, that terminations triggered by a Counterparty credit downgrade will occur on whichever is the most beneficial side to the Authority of the bid-offered spread, and which would allow the Authority to go back into the market to replace the downgraded party with another suitable Counterparty at minimal out-of-pocket cost to the Authority.

Notwithstanding the preceding, nothing contained herein is intended to preclude the Counterparty from securing its obligation under an Agreement with an irrevocable letter of credit (or other similar surety or guarantee) from a provider that is 1) rated by two of the three rating agencies; and 2) whose short-term ratings are at least P-I/A-I+/F-l+ and/or whose long-term ratings of at least Aa3/AA-/AA- in order to eliminate either:

a. the requirement to post collateral in the event of an applicable rating downgrade of the Counterparty, or

b. the Authority's right to terminate an Agreement in the event of an applicable rating downgrade of the Counterparty.

In addition, nothing herein is intended to preclude the provision of additional requirements in an individual Agreement between the Authority and a Counterparty so long as such additional requirements are not inconsistent with this Policy and reduce the Authority's risk exposure. Specifically, the Authority may seek to include additional terms in Agreements that mitigate and offset its exposure to Counterparty risk, including, without limitation:

a. additional ratings-based collateral requirements pursuant to which the Authority may require the posting of collateral by the Counterparty, or

b. ratings-based termination events pursuant to which the Authority may require the Counterparty to terminate an Agreement prior to its scheduled termination date.

(14) COUNTERPARTY EXPOSURE LIMITATIONS

In order to diversify the Authority's Counterparty risk and to limit the Authority's exposure to any one Counterparty, exposure limits will be established for each Counterparty based upon the relative level of risk associated with each Agreement.

Prior to entering into each new Agreement, the Advisors will establish exposure limits for each potential counterparty based upon the Authority's termination exposure risk to all existing and proposed Agreements with such counterparty under a comprehensive ranges of future interest rate, credit downgrade and other scenarios.

The Authority may not enter into any new Agreement with any Counterparty, regardless of whether or not the proposed Agreement is procured through competitive bidding or negotiation, unless the Swap Advisor provides, in advance, a detailed written evaluation using the criteria provided, of the Authority's aggregate exposure to any such Counterparty, after giving effect to the proposed Agreement, and the Authority, subject to Board approval, concluding that such level of exposure represents an acceptable and appropriate level of risk to assume.

Under no circumstances shall the sum of the notional principal amount of each outstanding and proposed Agreement with any one Counterparty exceed $75 million.

The Swap Counterparty Exposure Limitations shall not be construed to require the termination of any portion of any outstanding Agreement between the Authority and a Counterparty.

(15) COUNTERPARTY TERMINATION VALUE

With respect to one or more outstanding Agreements with a specific Counterparty, the Counterparty Termination Value shall be computed in two steps:

a. valuing the remaining payments due under each such Agreement utilizing a "Market Quotation Methodology, Second Method", unless the Authority, in consultation with its Financial and Swap Advisor, deems an alternate method to be appropriate; and

b. if such aggregate valuation reflects a net present value liability from the Counterparty to the Authority, assigning the absolute value of such liability to the Counterparty Termination Value.

In the event that a credit event occurs which permits the Authority to terminate one or more Agreements with a particular Counterparty, the Authority may elect to terminate all, none or some of such Agreements and the Counterparty will be obligated to pay to the Authority an amount equal to the Counterparty Termination Value as determined with respect to the Agreements to be terminated.

(16) COLLATERAL REQUIREMENTS

Counterparties whose applicable rating or ratings trigger a collateral requirement shall post, with respect to each Agreement, Permitted Collateral equal to:

***Option #1*:** One hundred and five percent (105%) of the Counterparty Termination Value as determined for that Agreement. Such Counterparty Termination Value must be computed using applicable prevailing market rates no less frequently than the earlier of: (a) one week since the last such valuation or (b) the date a new Agreement is executed with such Counterparty.

***Option #2*:** One hundred and five (105%) of the Adjusted Counterparty Termination Value as determined for that Agreement. Such Adjusted Counterparty Termination Value must be computed no less frequently than the earlier of (a) three months since the last such valuation or (b) the date any new Agreement is executed with such Counterparty. The Adjusted Counterparty Termination value shall be computed using the rules provided for computing the Counterparty Termination Value except that computed termination value shall be increased by either increasing or decreasing the applicable prevailing market rates used for this evaluation by 50 basis points.

It is the intention of this Policy that the Collateral Requirement be determined separately based on the Counterparty Termination Value for each Agreement rather than on the Counterparty Termination Value for all Agreements with a particular Counterparty unless an alternative valuation methodology is explicitly negotiated between the Authority and a Counterparty and defined in each applicable Agreement, as approved by the Board.

(17) PERMITTED COLLATERAL

As part of each Agreement, the Authority shall require collateralization to secure such Agreement in the event of a downgrade event described above or other event as defined in such Agreement. Permitted collateral shall consist of US Treasury and Agency securities with maturities of five years or less. Such securities shall be marked to market on a daily basis and shall have, as of such valuation, a value not less than 105% of either the Counterparty Termination Value, or the Adjusted Counterparty Termination Value.

Permitted Collateral shall be deposited with a third party trustee, or as mutually agreed upon between the Authority and the counterparty.

As appropriate, the Authority, in consultation with its Bond Counsel and its Advisors may increase the requirements for posting collateral or provide for the substitution of other forms of credit enhancement which will allow the counterparty to satisfy the Collateral Requirement.

(18) RISK MANAGEMENT AND ONGOING MONITORING

The Authority and its Swap Advisor will evaluate the risks associated with the outstanding Agreements at least quarterly and will, as requested by the Board and at least once annually, report its findings. This evaluation will include the following information:

a. A summary of key terms of the Agreements, notional amounts, interest rates and expiration dates, any scheduled amortized amounts and any changes to the Agreements since the last reporting period;

b. The termination value for all outstanding Agreements;

c. The credit ratings of each counterparty, (or parent, guarantor, and credit enhancer if applicable), and any changes in the credit rating since the last reporting period;

d. The amount of exposure to each specific counterparty, as measured by aggregate mark-to-market value netted for offsetting transactions;

e. Actual collateral posted or received by counterparty, as a result of requirements in the Agreements, at its fair market value;

f. Information concerning any material event involving outstanding Agreements, including a default by a counterparty, a counterparty downgrade, or termination;

g. An updated contingency plan to replace or fund an Authority termination payment in the event an outstanding Agreement is terminated by a counterparty; and

h. The status of any liquidity support used in connection with an Agreement, including the remaining term and current fee.

The Authority's Financial Advisor shall identify revenue sources to fund potential Authority termination payments.

The Authority will seek to maximize the benefits and minimize the risks it carries by managing its derivative exposure as an integral part of its overall debt and investment management plan. This will entail frequent monitoring of market conditions, by the Authority and its Advisors for emergent opportunities and risks.

The Authority, along with its Advisors, shall review this Policy at least annually, and submit updates, if any, to the Board for approval.

(19) TERMINATION OF AN AGREEMENT

The methodology for determining termination values at various times and under various circumstances must be explicitly set forth in each Agreement. Prior to finalizing the terms of any Agreement:

a. the Swap Advisor shall evaluate the economic costs and benefits of incorporating into the Agreement a provision that provides for termination payments made by the Authority to be made over time rather than at termination; and

b. the Swap Advisor shall also provide the Authority with estimates of the potential costs of terminating such Agreement under different market and downgrade scenarios.

Each Agreement must provide the Authority with:

a. an unconditional right to a market based optional termination. A corresponding unconditional right of optional termination may not be provided to the counterparty; and

b. the right to terminate such Agreement upon the occurrence of a credit event as described herein (see "Qualified Counterparties") or as provided for in such Agreement.

Any termination payment made by the Authority to a counterparty pursuant to an Agreement must be subordinate in lien to the Authority's obligation to make debt service payments on the corresponding Designated Debt, and to any Subordinate Lien obligations of the Authority.

(20) DISCLOSURE AND FINANCIAL REPORTING

The Authority will ensure that there is full and complete disclosure of all Agreements, which are subject to approval by the Board, in its financial statements and its financing documents (Preliminary and Final Official Statements, Offering Memoranda, etc.)

With respect to its financial statements, the Issuer will adhere to guidelines for the financial reporting of Agreements, as set forth by the Government Accounting Standards Board, including GASB Technical Bulletin No. 2001-1 including additions and amendments thereto. A summary of the special risks involved with the Agreements and any potential exposure to interest rate volatility or to unusually large and rapid changes in market value shall be included in the Authority's marketing documents.

[Adopted by Resolution No. 2007-0097 dated September 6, 2007.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING
PART 4.3 - CAPITAL IMPROVEMENTS PROGRAM
SECTION 4.30 - CAPITAL IMPROVEMENTS PROGRAM

PURPOSE: To establish a policy concerning the programming of capital improvements projects by the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) A capital improvements program shall be established that will provide for the orderly development of the Authority.

(2) Each year, the Authority's Executive Director (the "**Executive Director**") shall submit to the Authority's Board of Directors (the "**Board**") a development program of desirable capital improvements projects that are within the Authority's financial funding capability. At the Board's discretion, the first year of the program shall be included as part of the Authority's preliminary operating budget and thereafter be included in any subsequent operating budgets.

(3) The Executive Director shall identify each capital improvements project as to its need and shall provide analysis of the economic and/or social impact of the project. Factors to be considered may include, but are not necessarily limited to: public need; useful life; payback period; maintenance and operating costs; construction costs; possible alternatives; and sources of funding. A history of the project may be included, if applicable.

(4) The program, once approved by the Board, shall constitute a guideline for Authority administration.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING
PART 4.4 - DEBT
SECTION 4.40 - DEBT ISSUANCE AND MANAGEMENT POLICY

PURPOSE: To establish a policy governing the debt issuance and management policies and practices of the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

SECTION I. INTRODUCTION & EXECUTIVE SUMMARY

This comprehensive Debt Issuance and Management Policy (the "Policy") contains the policies that govern existing and anticipated debt obligations. In addition, the Policy sets forth certain financial management practices in capital budgeting that will enhance the Authority's ability to manage its outstanding debt and projected debt issuance. It is expected that the Policy will be updated from time to time to reflect changes in law and market practices.

Debt plays an important role in meeting the financial needs of the Authority since it provides the funding for the Authority to build projects today which will subsequently be repaid from future revenues. While the issuance of debt is frequently an appropriate method of financing capital projects, prudent financial management requires careful monitoring of debt issuance to ensure there is not an excessive reliance on debt and to preserve the Authority's access to borrowed capital at competitive borrowing rates, while always maintaining sufficient liquidity. The term "debt" is used in this Policy to describe numerous types of financial obligations of the Authority which may include Bonds, Subordinate Obligations, Special Facility Obligations and other financings of the Authority.

The Authority's debt issuance and management objectives are to:

- Manage and monitor existing debt to optimize financial structure, control costs and ensure compliance with bond financing covenants;
- Oversee the issuance of new debt in order to maintain access to capital markets and other sources of capital financing at a reasonable cost;
- Obtain and maintain the highest possible credit ratings on debt consistent with the overall objectives of the Authority;
- Explore and implement prudent debt structuring ideas when consistent with the debt issuance and management goals described herein;
- Provide the required secondary market disclosure to the rating agencies and investors;

- Comply with all federal and state laws and regulations, as well as bond indenture, federal tax and securities law post-issuance compliance, and reimbursement agreement covenants; and

- Protect the assets and funds entrusted to the Authority.

SECTION II. ROLES AND RESPONSIBILITIES

The roles and responsibilities of key parties in administering, monitoring, and ensuring on-going compliance with this Policy include:

1) Board: The Authority is governed by an appointed board of nine members who represent all areas of San Diego County and three *ex-officio* members. The Board approves all bond issuances as well as the policies and guidelines pursuant to which debt is incurred and issued.

2) President/CEO and Vice President, Finance and Asset Management/Treasurer: The Vice President, Finance and Asset Management/Treasurer, under the direction of the President/CEO, is (i) responsible for developing, evaluating, implementing and monitoring the financing plan and debt strategies for the Authority in compliance with this policy, subject to Board approvals; and (ii) is in charge of federal tax and securities law post-issuance compliance with respect to all debt obligations.

3) Registered Municipal Advisor: The Authority has chosen to deliver a Notice of Representation by Registered Municipal Advisor pursuant to SEC Rule 17 CFR Section 240.15Bal – 1(d)(3)(vi)(B) dated August 27, 2014 to notify investment banking firms that the Authority has retained a financial advisor and, among other things, will rely on advice of the financial advisor for recommendations on the issuance of municipal securities provided by investment banking firms. The Authority may amend or modify this notice from time to time.

4) Financial Professionals: All financial professionals performing services for the Authority's debt programs, such as its financial advisor, bond counsel, disclosure counsel, investment advisor and underwriters, must comply with the policies and procedures set forth herein.

SECTION III. CAPITAL IMPROVEMENTS AND FINANCIAL PLANNING

The Authority maintains a financing plan and model which projects the available sources and uses of funds and verifies the Authority's financial ability to deliver current and planned programs and services. The impact of the funding sources, particularly debt, on future commitments is a relevant consideration of this Policy. The financing plan is based on a set of assumptions developed through detailed collection and analysis of historical and forecasted data concerning revenues and expenses, economic forecasts and trend projections. The main sources of revenues include airline rates and charges, parking and concession revenues, and lease revenues. Additionally, Passenger Facilities Charges (PFCs), Customer Facility Charges (CFCs), and federal grants-in-aid are included as a funding source for certain eligible projects.

The Authority's annual operating budget will ensure that sufficient resources are provided from current revenues to: 1) finance the current fiscal year's requirements for ongoing operating and maintenance needs; 2) provide reserves for periodic replacement and renewal; 3) fund the annual requirements of the maintenance, operating and other reserves; and 4) meet any debt service coverage requirements.

Both the capital plan and the financing plan shall be updated periodically as part of the budget process. It is the goal of the Authority to adopt its capital plan on a rolling five year forward basis. Both plans will comply with the Policy, paying particular attention to all relevant target debt affordability indicators.

SECTION IV. DEBT TARGETS

The President/CEO and the Vice President, Finance and Asset Management/Treasurer will recommend to the Board the amount, term and type of debt needed to meet the Authority's short-term and long-term financing requirements. In such determinations, issues of debt capacity, amortization period and affordability will be considered, guided by the use of target debt affordability indicators for measuring the affordability of additional borrowing.

The following are the target debt affordability indicators for the Authority. The Authority will regularly review and may re-evaluate certain targets from time to time as long-term master plan requirements may be defined.

1) Rate Covenants

   The Authority has covenanted in the Master Indenture to comply with the senior lien Rate Covenant, as summarized below:

   Bonds – Under the Master Indenture, the Authority has covenanted that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System so that Net Revenues, which are generally defined as Revenues less Operation and Maintenance Expenses for a given period, in each Fiscal Year will be at least equal to 125% of the aggregate annual debt service for all Bonds.

   "Bonds" are generally defined by the Master Indenture to mean any debt obligation of the Authority including bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the Authority, and obligations incurred through lease or installment purchase agreements, other agreements, certificates of participation, and bank repayment obligations. The term "Bonds" does not include Subordinate Obligations (which is defined hereinafter).

   The Authority has covenanted in the Master Subordinate Indenture to comply with the subordinate lien Rate Covenant, as summarized below:

   Subordinate Obligations – Under the Master Subordinate Indenture, the Authority has covenanted that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System so that Subordinate Net Revenues (which are generally defined as Revenues less Operation and Maintenance Expenses less senior lien Bond debt service and reserve funding requirement for a given period) in each

Fiscal Year will be at least equal to 110% of the Aggregate Annual Debt Service for all Subordinate Obligations for such Fiscal Year (excluding the principal amount of Commercial Paper reissued during the Fiscal Year).

"Subordinate Obligations" shall mean any debt obligation of the Authority issued under the Master Subordinate Indenture and are generally defined to mean a subordinate lien debt obligation including bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the Authority, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and bank repayment obligations.

2) Additional Bonds Test and Additional Subordinate Obligations Test

In order to issue additional parity debt under the Master Indenture, the Authority must comply with one of the two prongs of the Additional Bonds Test, as summarized below:

(A) 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 Bonds were at least equal to 125% of the sum of the Maximum Aggregate Annual Debt Service due and payable with respect to all Outstanding Bonds and the proposed Bonds to be issued for such applicable period; or

(B) Obtain a certificate prepared by a Consultant showing that the forecasted Net Revenues are expected to be at least 125% of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Bonds and the proposed Bonds to be issued for each year of the forecast period.

In order to issue additional parity debt under the Master Subordinate Indenture, the Authority must comply with one of the two prongs of the Additional Subordinate Obligations Test, as summarized below:

(A) The Subordinate Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Obligations were at least equal to 110% of the sum of the Maximum Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations and the proposed Subordinate Obligations to be issued for such applicable period; or

(B) Obtain a certificate prepared by a Consultant showing that the forecasted Subordinate Net Revenues are expected to be at least 110% of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations and the proposed Subordinate Obligations to be issued for each year of the forecast period.

3) Annual Debt Service Coverage Targets

The Authority has established debt service coverage targets for its Bonds and Subordinate Obligations in order to maintain adequate financial margins to accommodate unexpected events given the volatile nature of the aviation industry, preserve financial capacity for future funding needs, and maintain strong credit ratings.

The current minimum Debt Service Coverage targets are:

Bonds: 1.75x (for only senior lien bonds)

Aggregate Debt Service:

- 1.50x, based upon Net Revenues divided by Aggregate Annual Debt Service on Bonds and Subordinate Obligations (for total debt service)
- 1.20x, based upon an alternative "revenue method" calculation utilized by rating agencies where PFCs are added to Net Revenues (rather than deducted from Debt Service) with the sum divided by Aggregate Annual Debt Service for Bonds and Subordinate Obligations

These debt service coverage targets will be reviewed at least annually by the Authority and its financial advisor to determine appropriate adjustments that may be necessary.

4) Airline Costs Per Enplaned Passenger Target

The Authority will compare its airline costs per enplaned passenger ("CPE") with available sources of data, including the rating agencies' median reports and a selected peer group of airports. Due to the different ways that airports set airline rates and charges, it is recognized that comparisons between airports can be misleading.

The Authority will regularly review and monitor CPE and seek to maintain a competitive rate.

5) Debt Per O&D Enplaned Passenger Target

The Authority will compare its debt per O&D enplaned passenger with available sources of data, including the rating agencies' median reports. Due to the different ways that airports finance their capital facilities, this measure is only one indicator of debt affordability.

The Authority has established a debt (excluding special facility financing) per O&D enplaned passenger goal of no more than $150 per enplaned passenger.

The Authority will regularly review and update this metric from time to time as may be necessary.

6) Liquidity Target

Recognizing the inherently volatile nature of the aviation industry, the Authority will maintain prudent unrestricted reserves as a backstop to be able to fund its obligations if unforeseen events occur. The level of unrestricted reserves will be evaluated at least annually, as part of the Authority's budgeting and capital planning process.

The Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, and O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 500 days of budgeted operating and maintenance expenses for the current fiscal year.

7) Credit Ratings Target

The Authority will seek to obtain the highest possible credit ratings on its debt, consistent with meeting the operational and long-term development needs of the Airport. At a minimum, the Authority seeks to maintain ratings in the category of "A1/A+/A+" from all three rating agencies for its Senior Lien Airport Revenue Bonds.

SECTION V. TYPES OF FINANCING – DESCRIPTION AND APPROACH

1) Bonds and Subordinate Obligations of the Authority

In general, issuing senior lien debt under the Authority's Master Indenture will achieve the lowest borrowing costs compared to other forms of borrowing. Under the Master Indenture, senior lien debt is defined as "Bonds". Under the Master Subordinate Indenture, subordinate lien debt is defined as "Subordinate Obligations".

Bonds issued for the Airport are limited obligations of the Authority payable solely from and secured by a pledge of Net Revenues generated by the Airport. Subordinate Obligations issued for the Airport are limited obligations of the Authority payable solely from and secured by a pledge of Subordinate Net Revenues generated by the Airport.

Revenues generally include all revenues, income, receipts, and money derived from the ownership and operation of the Airport and all gifts, grants, reimbursements, or payments received from governmental units or public agencies, which are not restricted by law or the payor to application for a particular purpose other than payment of bonds. Among other things, Revenues specifically exclude:

(A) Passenger Facility Charges (PFCs)

(B) Released Revenues, which are an identifiable portion of Revenues that have been excluded from Revenues after meeting certain requirements defined in the Master Indenture

(C) State and/or federal Grants

(D) Rental car Customer Facility Charges (CFCs)

2) PFC-Supported Bonds and Subordinate Obligations

The Authority intends to leverage PFCs to support investment in Airport infrastructure and facilities. In order to do this, the Authority may make an irrevocable pledge of PFCs to pay eligible debt service. The Authority will not include PFCs in estimates of future revenues pledged to support Annual Debt Service unless approval for their imposition has been obtained or is expected to be obtained from the FAA.

3) Special Facility Financings

Special Facilities Obligations may be issued by the Authority to finance capital projects and must be secured by a defined revenue stream derived from or relating to discrete facilities such as cargo terminals or maintenance facilities. Such facilities may be leased to one or more tenants.

The Authority may designate facilities at the Airport as Special Facilities and the revenues therefrom as Special Facilities Revenue if such facilities or revenues meet the following tests from the Master Indenture:

(A) The estimated Special Facilities Revenue pledged to the payment of Special Facilities Obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Authority and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and

(B) With respect to the designation of any separately identifiable existing Airport Facilities or Airport Facility as a "Special Facility" or "Special Facilities," the estimated Net Revenues, calculated without including the new Special Facilities Revenue and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses of the Airport System, will be sufficient so that the Authority will be in compliance with the Rate Covenant; and

(C) No Event of Default then exists under the Indenture

If a facility meets these tests, the Special Facilities Revenues will not be Revenues for the period during which any Special Facilities Obligations are outstanding.

Special Facilities Obligations are limited obligations of the Authority to be repaid solely by Special Facilities Revenues derived from or relating to a discrete facility and are not secured by a lien on Revenues or PFC Revenues. Bonds and Subordinate Obligations are not secured by Special Facilities Revenues.

Special Facilities Obligations may be used in lieu of issuance of Bonds or Subordinate Obligations for financing of discrete airport facilities or airport projects that have an independent revenue stream.

The Authority may permit tenants to undertake Special Facilities Obligations under the following specified terms and conditions:

(A) The financing must comply with the Master Indenture limitations on this type of financing;

(B) A pledge of leasehold mortgage or security interest in the underlying asset may be granted to the trustee or Bondholders in certain circumstances, taking into account any value the Airport receives from the tenant in return;

(C) Terms of bonds will be consistent with the standard terms and the provisions of the Airport's leasing policies;

(D) The Airport will not enhance the creditworthiness of Special Facilities Obligations (for example, through the granting of a re-letting provision), unless the Authority determines it is in the best interests of the Airport, taking into account any value the Airport receives from the tenant in return;

(E) The Special Facilities Obligations are amortized over a period that does not exceed the lesser of: (a) 40 years; or (b) the useful life of the facility (80% of the useful life of the facility for projects that are considered to be "private activities" under federal tax regulations, if tax-exempt financing is used). "Bullet" maturities may be considered if they do not exceed the lesser of: (a) the useful life of the facility; or (b) 25 years, and are amortized on a straight line basis for purposes of calculating amortized cost (see below);

(F) The Authority reserves the right to acquire the facility at its amortized cost and the right to require notices exercising early call redemption provisions for the Special Facilities Obligations;

(G) Any refinancing of assets financed with Special Facilities Obligations will not be permitted without the consent of the Board;

(H) The tenant will reimburse the Authority for all of its costs associated with the Special Facilities Obligations;

(I) The Authority may assess an annual fee for Special Facilities Obligations;

(J) Bond Counsel(s) for the Authority will review all Disclosure documents and prepare the financing documents;

(K) The tenant will satisfy Continuing Disclosure and arbitrage rebate requirements and will provide the Authority with indemnities covering any exposure the Authority may have arising from the financing;

(L) The proposed facility must be compatible with Airport System land and capital use plans; and

(M) The Authority may establish minimum threshold Credit Ratings for airlines and other parties wishing to participate in Special Facilities Obligation financed projects. These threshold Credit Ratings will be reviewed by the Authority from time to time.

4) Bond Anticipation Notes ("BANs") and Grant Anticipation Notes ("GANs")

Bond Anticipation Notes ("BANs") are short-term debt instruments that will be repaid with proceeds of an upcoming bond issue.

Grant Anticipation Notes ("GANs") are short-term instruments that will be repaid from expected future Federal AIP and TSA grants or other Federal or State grants accepted by the Authority. The FAA and TSA may issue Letters of Intent ("LOI") to the Authority indicating their intent, although not their commitment, to fund "long term, high priority capacity projects" on a multi-year basis as appropriations become available. Once an LOI is in hand, notes may be issued that are secured by the grants anticipated to be received from the FAA and/or TSA. However, there typically must be an ancillary source of repayment for the notes in the event grant funding is ultimately not received.

Notes may be considered Balloon Indebtedness under the Master Indenture, which specifies that, for purposes of calculating the Aggregate Annual Debt Service of Balloon Indebtedness, such Bonds shall be assumed to be amortized in substantially equal annual amounts for principal and interest over a period of 30 years at an interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, or if that index is no longer published, another similar index selected by the Authority. If the Authority fails to select a replacement index, the rate shall be the rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under the Master Indenture. Issuance of BANs and GANs should not occur in amounts or result in amortization that would result in the failure by the Authority of its ability to satisfy its rate covenants and the debt coverage goals contained in this Policy.

5) Capital Appreciation Bonds and Zero Coupon Bonds

The Authority will not issue capital appreciation bonds or zero coupon bonds unless the Authority has determined, quantified and demonstrated that there is a significant benefit over traditional structures.

6) Commercial Paper

Commercial Paper is a short-term obligation with maturities ranging from 1 to 270 days. The payment when due of principal and interest on each series of the Notes also is secured by separate irrevocable, direct-pay letters of credit.

The Authority may refinance, refund or purchase outstanding Commercial Paper by issuing new Commercial Paper, by issuing Bonds, or by using available Authority funds.

For purposes of calculating Aggregate Annual Debt Service for a Commercial Paper Program, the principal and interest shall be calculated as if the entire Authorized Amount of such Commercial Paper Program were to be amortized over a term of 35 years commencing in the year in which such Commercial Paper Program is implemented and with substantially level Annual Debt Service payments. The interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a Consultant to be a

reasonable market rate for fixed rate Subordinate Obligations of a corresponding term issued under the Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes.

Any outstanding Commercial Paper anticipated to be paid off and not reissued within the current fiscal year shall be excluded from any calculations of variable rate exposure for internal debt management purposes.

The Authority may issue Commercial Paper as sources of interim financing for capital projects. Before issuing such Commercial Paper notes, the take out of such Commercial Paper must be anticipated in the financing plan and determined to be feasible and advantageous by the Authority.

7) Floating Rate Notes

Floating Rate Notes (FRNs) are notes that have a variable coupon, equal to a money market reference rate, such as SIFMA (Securities Industry and Financial Markets Association) or LIBOR (the London Interbank Offered Rate), plus a spread. The spread is a rate that remains constant. At the beginning of each coupon period, the coupon is calculated by taking the fixing of the reference rate for that day and adding the spread. Because the coupon resets based on a short-term index, the issuer is exposed to rising interest rates unless it has swapped the debt to a fixed rate. However, unlike variable rate demand obligations or Commercial Paper, FRNs are not supported by a bank liquidity facility, and therefore do not pose short-range liquidity/refinancing risk to the issuer.

The Authority may issue FRNs as a source of interim financing for capital projects. Before issuing such FRNs, the take out of such notes must be anticipated in the financing plan and determined to be feasible and advantageous by the Authority.

8) Equipment Leases

Equipment leases are basically loans pursuant to which the lender buys and owns certain equipment (e.g., jet bridges, baggage systems, flight and baggage information display systems) and then "rents" it to the Authority at a flat monthly rate for a specified number of months. At the end of the lease, the Authority may purchase the equipment for its fair market value (or a fixed or predetermined amount), continue leasing, lease new equipment or return the equipment. The Authority may explore equipment leases as a financing vehicle and alternative to debt if the terms and conditions of the lease (including the interest rate charged) are more favorable.

9) Installment Payment Agreement

The Authority may also finance certain facilities under an agreement with a third-party whereby the third-party funds the investment in the facility and the Authority agrees to pay the third party as rental/payment for the use and occupancy of the facility specific installment payments. The installment payments would be made from the Authority's available funds after payment of all Operation and Maintenance Expenses, all funds necessary to pay debt service on and to fund the reserves for the Authority's Outstanding Senior and Subordinate Debt Obligations and amounts necessary to fund the Authority's Operation and Maintenance Reserve Subaccount and Renewal and Replacement Subaccount in accordance with the Master Trust Indenture.

10) Direct Loans

The Authority may also enter into a direct loan with a financial institution to meet certain of its financing needs. A direct loan is made directly with a financial institution and may be a fixed or variable product. The Authority may use direct loans as interim or permanent financing for capital projects or to refinance outstanding debt.

SECTION VI. FEATURES OF LONG-TERM DEBT

The Vice President, Finance and Asset Management/Treasurer will recommend to the Board the structure and term of long-term debt according to the general policies described below.

1) Selection of Final Maturity and Amortization of Principal

The final maturity of borrowings should not exceed, and preferably be less than, the projected economic life of the improvements that are financed or such shorter period as required by Federal tax law, if tax-exempt debt has been used.

2) Use of Capitalized Interest

The Vice President, Finance and Asset Management/Treasurer will evaluate whether or not to capitalize the early years' interest cost in a bond issue by taking into account the impact this action would have on the size of the bond issue, future Annual Debt Service requirements, accounting treatments and budgetary impacts.

3) Tax Status

The Vice President, Finance and Asset Management/Treasurer will evaluate whether or not to issue taxable bonds in lieu of bonds that are subject to the Alternative Minimum Tax (AMT) for certain maturities for private activity financing needs. In some market conditions, the cost for taxable debt may be less than the cost for AMT bonds for certain maturities.

4) Sizing of Debt Service Reserve Funds

Except in limited circumstances, the Master Indenture and the Master Subordinate Indenture require either the funding of a common Debt Service Reserve Fund in an amount sufficient to satisfy the reserve requirement for all existing and proposed Bonds or Subordinate Obligations under the respective master indenture participating in such master reserve fund, or the funding of a Debt Service Reserve Fund in an amount sufficient to satisfy the reserve requirement for only the proposed issue. With each issuance of Bonds or Subordinate Obligations, the Vice President, Finance and Asset Management/Treasurer will compare the costs of funding required increases to the reserve requirement from bond proceeds with the costs of satisfying the reserve requirement through the use of a reserve fund surety. The potential effect on credit ratings will also be considered when comparing reserve requirement funding alternatives.

5) Selection of Redemption Provisions

Redemption provisions will be established on a case-by-case basis, taking into consideration market conditions and the results of a call option analysis prior to the time of sale.

The issuance of non-callable Bonds or Subordinate Obligations should be considered only in special circumstances based upon the specific transaction. Because the issuance of non-callable debt may restrict future financial flexibility, cost will not be the sole determinant in the decision to issue non-callable bonds. The preference of the Authority is to issue debt with standard redemption provisions.

6) Use of Discount Bonds

Prior to issuing Bonds or Subordinate Obligations at a dollar price less than 97.0% of par, the Vice President, Finance and Asset Management/Treasurer will request from the financial advisor an analysis of the reduced option value resulting from the assignment of a lower interest coupon. The Authority will consider issuing the discount debt, where permissible under tax law, if the present value debt service savings provided by the lower interest coupon is greater than the reduction in call option value. Other benefits such as the participation of new investors will be an additional consideration.

7) Use of Premium Bonds

Prior to issuing Bonds at a dollar price greater than par, the Vice President, Finance and Asset Management/Treasurer will request from the Authority's financial advisor a brief cost/benefit analysis of the interest saved using premium debt versus other possible pricing structures.

8) Minimum Criteria for Debt Financing Equipment Items

The Authority will not issue long-term debt to finance individual items of equipment with a useful life less than five (5) years, except under a master lease program.

SECTION VII. REFUNDING OPPORTUNITIES

The Vice President, Finance and Asset Management/Treasurer and the Authority's financial advisor will monitor refunding opportunities for all outstanding debt obligations on a periodic basis applying established criteria in determining when to issue refunding bonds for debt service savings.

(It is acknowledged that refunding issues may be executed for reasons beyond economic purposes, such as to restructure debt service, to change the type of debt instruments being used, or to retire a bond issue and indenture in order to remove undesirable covenants.) The refunding criteria will include a comparison of expected present value savings with the option value of the existing callable bonds. Generally, the Authority will pursue refunding opportunities if the expected net present value savings provide sufficient compensation for the exercise of the optional redemption provision. Recommendations as to the sufficiency of the net present value savings will be provided by the Authority's financial advisor.

An Advance Refunding involves refunding tax-exempt bonds more than 90 days in advance of the bond's first optional redemption date. Currently, only Governmental Purpose tax-exempt bonds (as that term is defined in the Internal Revenue Code) may be advance refunded. An Advance Refunding is an important debt management tool for the Authority. Advance Refundings are commonly used to achieve interest cost savings, to remove or change burdensome bond covenants or to restructure future debt service payments. For bonds issued after December 31, 1985, only one Advance Refunding of Governmental Purpose tax-exempt bonds may occur under Federal tax law and thus the Authority must carefully evaluate the appropriateness of Advance Refunding when an opportunity arises. A current refunding involves issuing refunding bonds no earlier than ninety (90) days prior to the bond's optional redemption date. Federal tax law does not limit the number of current refundings of any bond.

The Authority will anticipate the potential for Advance Refundings when issuing new debt. Careful attention will be given to pricing considerations that will affect future Advance Refunding flexibility such as optional redemption provisions and interest characteristics.

The following considerations apply when the Authority considers refunding opportunities:

1) Monitor Potential Savings:

   The Vice President, Finance and Asset Management/Treasurer, with the assistance of the Authority's financial advisor, will monitor on an ongoing basis potential savings available by refinancing outstanding debt of the Authority. Savings will be analyzed on a present value basis by using a percentage of the refunded par amount. All costs and benefits of the refinancing will be taken into account.

2) Target Savings Amounts:

   A present value analysis must be prepared to identify the economic effect of any proposed refunding. To proceed with a refinancing for economic savings, the Authority will evaluate the net present value savings as a percentage of the refunded par amount

relative to the time to the first call date of the bonds and the maturity date of the bonds, using the following guidelines:

	Years to the first Call Date		
Years from the date of first call to Maturity Date of the Bonds	After the First Call Date to Up to 1 Year Before	1 to 3 Years Before the First Call Date	More than 3 Years Before the First Call Date
0-5 Years	0.5%	1.0%	2.0%
6-10 Years	1.0%	2.5%	4.0%
11-20 Years	3.0%	4.0%	5.0%

3) Other Considerations:

Some refundings may be executed for other than economic purposes, such as to restructure debt, to change the type of debt instrument, or to retire a bond issue and indenture for more desirable covenants. In addition, if the benefits outweigh the costs and the refunding opportunity would otherwise be lost, the Authority may proceed with a refunding that has economic benefit but does not meet the criteria stated above in the "Target Savings Amount" paragraph above.

4) Non-Traditional Refundings:

Refundings executed with non-traditional structures such as swaps, require a full analysis of the benefits and risks, and may require higher economic benefits.

SECTION VIII. ISSUANCE OF VARIABLE RATE DEBT

Variable Rate Debt typically is issued for a term of up to 30 years, although the interest rate on this debt instrument is reset daily, weekly, monthly or less commonly, periodically.

The Authority recognizes that variable rate securities are a useful debt management tool that traditionally has had lower interest rate costs than fixed rate debt. The Authority's current goal is to maintain a debt program which may include both fixed and variable rate debt, as well as Commercial Paper.

1) Purposes of Variable Rate Debt

The Vice President, Finance and Asset Management/Treasurer may recommend that variable rate securities be issued for the following purposes:

(A) Interim Financing Tool

The Authority may consider issuing Variable Rate in connection with its major debt-financed capital projects, especially when interest rates associated with a fixed rate, long term borrowing far exceed the interest rates that can be earned on the construction and capitalized interest funds (resulting in a significant amount of negative arbitrage). Because Variable

Rate Debt can be retired or redeemed without penalty, these instruments may better suit circumstances where a refunding or restructuring of a potential debt issue is likely for any reason, (for example, if a change in use of the facility to be funded may reasonably be anticipated, or if grant or another source of funds may be obtained to substitute for bond funding).

Certain variable rate products—most notably, Commercial Paper—can be issued incrementally as funds are needed to finance current construction, and can reduce the long-term cost of construction financing.

(B) Statement of Net Position Management Tool

The maintenance of Variable Rate Indebtedness and Commercial Paper liabilities at a level that takes into consideration the amount of short-term assets maintained by the Authority prudently reduces the Authority's risk of exposure to changes in interest rates. Since the Authority invests its free cash balances in short term instruments, it is exposed to interest rate fluctuations at the short end of the yield curve. Conversely, a large portion of its liabilities are in the form of long term, fixed-rated debt. When interest rates fall, the Authority's assets earn less, while its liabilities are fixed. Offsetting this exposure by better matching the variability of earnings on its assets with variable, rather than fixed, rate liabilities serve as a hedge against interest rate risk and reduces the overall cost of funds.

(C) Diversify Investor Base to Lower Costs

Typically, variable rate debt is sold to a different segment of investors than long-term fixed rate bonds. By tapping short-term investors, an issuer broadens and diversifies its investor base. By becoming a familiar and respected credit among short-term investors, the Authority will be in a better position to gain access to these buyers at those times when it is less advantageous to borrow in the fixed-rate market.

(D) Management of Negative Arbitrage

Issuing debt in a variable rate mode reduces or at times may even eliminate negative arbitrage in Construction, Capitalized Interest and Debt Service Reserve Funds. (See "A" above)

2) Criteria for Use of Variable Rate Debt

The Authority's net variable rate debt composition (defined as variable rate debt less unrestricted cash reserves) excluding interim financings (defined as financings the Authority intends to take out with permanent long term financings) will not exceed the greater of 15% of total debt or $100 million.

Statement of Net Position Risk Mitigation - In determining the appropriate amount of variable rate debt to be issued for risk mitigation purposes, the following factors should be taken into account, and analyzed on the basis of the funds that will be repaying the debt:

(i) The historic average of cash balances analyzed over the course of several prior fiscal years.

(ii) Projected cash balances based on known demands on the given fund.

(iii) Any basis risk, such as differences in the performance or average life of the Authority's investment vehicle (e.g., swaps, as discussed in Section IX) and the variable rate debt instrument.

3) Diversification of Remarketing Agents and Counterparties

In selecting remarketing agents for variable rate debt, the Authority will seek to choose a diversity of remarketing agents to better foster competition. For similar reasons, the Authority will seek to diversify its counterparties when selecting institutions to provide liquidity or credit enhancement for Airport variable rate debt.

4) Budgeting

The Vice President, Finance and Asset Management/Treasurer will determine the appropriate method for budgeting the interest cost of variable rate debt by considering historic interest rates, projected interest rates and the effect of risk mitigation products such as interest rate swaps or caps.

5) Monitoring and Reporting

The Vice President, Finance and Asset Management/Treasurer will monitor the performance of actual interest rates on variable rate debt and periodically report the results. Reports will be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and with rules promulgated by the General Accounting Standards Board (GASB). With the assistance of its financial advisor, the Vice President, Finance and Asset Management/Treasurer will regularly review the performance of the individual remarketing agents in relation to other remarketing agents, similar programs and market indices.

SECTION IX. DERIVATIVES

The Authority has adopted and will maintain a separate policy for derivatives (Policy 4.21 "Policy Regarding the Use and Management of Derivative Products").

SECTION X – METHOD FOR SALE OF DEBT

There are two methods of issuing debt obligations: a Competitive Sale and a Negotiated Sale. In a Competitive Sale, Underwriters submit sealed bids, and the Underwriter or Underwriting Syndicate with the lowest True Interest Cost (TIC) is awarded the sale. In a Negotiated Sale, the Underwriter or Underwriting Syndicate is selected through a Request for Proposal (RFP) process. The interest rate and Underwriter's fee are negotiated prior to the sale, based on market conditions.

It is usually not feasible to issue bonds through a Competitive Sale for certain types of financings, such as Variable Rate Debt, Commercial Paper and specialized financings like Special Facility Revenue Bonds. Further, there are factors (e.g., flexibility as to timing and the mix of the underwriting syndicate) that support the use of a Negotiated Sale. Still, a competitive process should be used to choose the appropriate Underwriter and financing team to ensure the most qualified firms are used for a specific financing. The current policy of the Authority establishes a preference for Negotiated Sales of its Bonds.

Role of Underwriters in Negotiated Sale

The Authority expects its underwriters to: 1) participate in a valuable and significant way with respect to the structuring and pricing of each debt issue and sales performance; 2) cooperate fully with other financing team members in a way that provides the maximum benefit to the Authority; and 3) attend meetings, when requested, related to the issuance of debt.

The book running senior manager, in conjunction with the financial advisor, is responsible for developing a time and responsibility schedule that will allow for the timely and successful completion of the financing. The book running senior manager is responsible for communicating the Authority's plan of finance and timing to the other managing underwriters in the syndicate.

Underwriter Selection in Negotiated Sale

The Authority may select underwriters for an individual financing or to serve as part of a pre-qualified pool of underwriters available for appointment for anticipated financings. In either case, the Authority would conduct a competitive selection process, which should include:

- Developing an RFP that meets the financial and policy goals of the Authority.
- Meeting the Authority procurement requirements.
- Circulating the RFP to a wide range of Underwriters (e.g. national and regional firms, DBE and majority firms, and firms that specialize in certain types of debt).
- Diligently evaluating the Underwriters' proposals received in response to the RFP.
- Conducting follow-up interviews with any or all of the proposing firms (optional).
- Selecting candidates to be recommended for appointment to an individual financing or to an Underwriter pool.

Should the Board appoint underwriters to a pre-qualified pool after an RFP process, the Vice President, Finance and Asset Management/Treasurer may recommend such firms for appointment to specific financings, without a subsequent RFP process.

SECTION XI. INVESTMENT OF BOND PROCEEDS

The Authority shall invest proceeds generated through the issuance of debt in compliance with the terms of eligible investments under the relevant bond indenture and related bond documents; its Investment Policy; and applicable state laws.

SECTION XII. COMPLIANCE WITH FEDERAL TAX LAW AND MARKET DISCLOSURE OBLIGATIONS

1) Compliance with Federal Tax Law

The Vice President, Finance and Asset Management/Treasurer shall establish a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the Federal tax code and ensure compliance with other Federal tax regulations and post-issue compliance as required by Bond Counsel at the time of issuance of the debt. This effort shall include tracking expenditures of bond proceeds to ensure such expenditures comply with federal tax law requirements, tracking investment earnings on proceeds, retention of a rebate consultant to prepare and calculate rebate payments in compliance with tax law and remitting any earnings subject to rebate to the Federal government in a timely manner in order to preserve the tax-exempt status of the Authority's outstanding debt issues that have been issued on a tax-exempt basis.

The Authority will comply with all covenants contained in tax certificates.

Trustee banks have been appointed for the Authority's outstanding debt. The trustees shall perform all functions and duties required under the terms and conditions set forth in the respective bond indentures and trust agreements, including maintaining records of fund balances and investments.

2) Initial Disclosure

The Authority acknowledges its responsibilities under the securities laws to avoid material misstatements and omissions in offering documents used in the marketing of Authority debt. The Vice President, Finance and Asset Management/Treasurer shall manage and coordinate the disclosure documentation preparation process and shall establish a system of procedures to ensure the preparation of appropriate disclosure documentation when required, with assistance from the Authority's General Counsel and the Authority's Bond and/or Disclosure Counsel. When necessary, the Vice President, Finance and Asset Management/Treasurer shall provide training covering new developments and disclosure responsibilities to staff members.

3) Continuing Disclosure

To assist Underwriters to comply with Securities and Exchange Commission ("SEC") Rule 15c2-12, except where exceptions apply, the Authority has entered into and

expects in the future to enter into additional continuing Disclosure undertakings. The Authority is required to provide 1) Annual Reports, containing the Authority's audited financial statements as well as updates of operating and financial data included in the Authority's offering documents, and 2) notices of certain enumerated events.

i) Notice of the occurrence of any of the following events shall be given, or caused to be given by the Authority, with respect to any bonds, not later than ten business days after the occurrence of the event:

(A) Principal and interest payment delinquencies;

(B) Unscheduled draws on the Debt Service Reserve Funds reflecting financial difficulties;

(C) Unscheduled draws on credit enhancements reflecting financial difficulties;

(D) Substitution of credit or liquidity providers, or their failure to perform;

(E) Adverse tax opinions with respect to the tax status of any 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 any bonds;

(F) Tender offers;

(G) Defeasances;

(H) Rating changes; or

(I) Bankruptcy, insolvency, receivership or similar event of the obligated person:

Note: for the purposes of the event identified in subparagraph (I), 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.

(ii) Notice of the occurrence of any of the following events with respect to any bonds, if material, shall be given, or caused to be given by the Authority, not later than ten business days after the occurrence of the event:

(A) Unless described in paragraph 3(i)(E), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of any bonds or other material events affecting the tax status of any bonds;

(B) Modifications to rights of the owners of any bonds;

(C) Optional, unscheduled or contingent bond calls;

(D) Release, substitution or sale of property securing repayment of any bonds;

(E) Non-payment related defaults;

(F) 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; or

(G) Appointment of a successor or additional trustee or the change of name of a trustee;

SECTION XIII. RATINGS AGENCIES AND INVESTOR RELATIONS

The Vice President, Finance and Asset Management/Treasurer shall be responsible for implementing and managing the Authority's Credit Rating agency relationship. The Authority recognizes the importance of immediate and timely Disclosure of relevant financial and program information concerning its debt programs to the rating agencies and pursuant to its continuing disclosure undertakings. This effort shall include periodic meetings with the rating agencies and shall provide the rating agencies with the Authority's annual budget projections, financial statements and other relevant information.

The Vice President, Finance and Asset Management/Treasurer shall be responsible for implementing and managing the Authority's investor relations program. The Authority shall attempt to promptly respond to any reasonable inquiry from an institutional or retail investor concerning information generally available to the investing public.

SECTION XIV. AMENDMENTS TO DEBT ISSUANCE AND MANAGEMENT POLICY

The Policy codifies and explains the guidelines and the policies that govern existing and anticipated debt obligations of the Authority. In addition, the Policy sets forth certain financial management practices in capital budgeting that will enhance the Authority's ability to manage its projected debt issuance. The Policy will require changes and modifications over time. The Vice President, Finance and Asset Management/Treasurer shall be responsible for ensuring the policy is current and will review the Policy annually, at a minimum. In the event that changes to the Policy are necessary, the Vice President, Finance and Asset Management/Treasurer shall propose such changes to the CEO. Upon CEO approval, the proposed amended Policy will be submitted to the Board requesting approval.

GLOSSARY

Additional Bonds Test: The earnings test which must be satisfied under the provisions of a revenue bond contract before bonds of an additional issue having the same lien on a pledged revenue source can be issued. Typically, the test required that historical or future estimated pledged revenues exceed total debt service (existing and proposed) by a certain ratio. The test provides protection to investors that the bond issuer will not issue additional parity bonds without providing ample security to the investors in the previous financing(s).

Advance Refunding: A refunding that occurs more than 90 days in advance of the first optional redemption date. Under current IRS regulations, Governmental Purpose tax-exempt bonds issued after December 31, 1985 are permitted only one advance refunding. Additionally, certain private activity bonds may not be advanced refunded.

Airline Costs per Enplaned Passenger ("CPE"): A comparative statistic used to demonstrate the affordability of airline operations at an airport. CPE is often used in the process of determining the credit quality of an issue. It is typically calculated as total passenger airline revenue divided by the number of enplaned passengers in any fiscal year.

Airport Revenue Bonds: Airport Revenue Bonds (also known as General Airport Revenue Bonds, or "GARBs") are bonds issued pursuant to the terms of a trust indenture or ordinance which are secured either by a pledge of gross or net airport revenues.

Alternative Minimum Tax: Other than for certain private activity bonds issued during the AMT "waiver" period authorized by the American Recovery and Reinvestment Act of 2009 ("ARRA"), interest on tax-exempt private activity bonds issued after August 7, 1986 (other than bonds for 501(c)(3) organizations and refundings of pre-August 8, 1986 bonds) is generally subject to the Alternative Minimum Tax ("AMT") as a specific item of tax preference. ARRA exempted new money and certain refundings of private activity bonds issued in 2009 and 2010 from the AMT penalty.

Amortization: The process of paying the principal amount of an issue of securities by periodic payments either directly to holders of the securities or to a sinking fund for the benefit of security holders.

Arbitrage: With respect to the issuance of municipal securities, arbitrage usually refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding taxable securities. Federal income tax laws generally restrict the ability to earn arbitrage in connection with tax-exempt bonds.

Arbitrage Rebate: A payment made by an issuer to the federal government in connection with an issue of tax-exempt bonds. The payment represents the amount, if any, of arbitrage earnings on bond proceeds and certain other related funds, except for earnings that are not required to be rebated under limited exemptions provided under the Internal Revenue Code. An issuer generally is required to calculate, once every five years during the life of its bonds, whether or not an arbitrage rebate payment must be made.

Balloon Maturity: A bond structure wherein the principal amount becomes due and payable on one date, generally at the end of the bond term.

Basis Point: Yields on bonds are usually quoted in increments of basis points. One basis point is equal to 1/100 of one (1%) percent. For example, the difference between 6.00% and 6.50% is 50 basis points.

Bond Counsel: A law firm retained by the bond issuer to give a legal opinion that the bond issuer is authorized to issue proposed securities, the bond issuer has met all legal requirements necessary for issuance, and interest on the proposed securities will be exempt from federal income taxation and, where applicable, from state and local taxation. Usually, bond counsel will prepare authorizing resolutions and ordinances, trust indentures and other bond documents with the exception of the Official Statement.

Bondholder: The owner of a municipal bond. The owner of a bearer bond is the person having possession of it, while the owner of a registered bond is the person whose name is noted on the bond register.

Bond Insurance: Insurance which guarantees the timely payment of principal and interest of either an entire bond issue or specified maturities. In exchange for payment of the bond insurance premium, a higher credit rating (historically, AAA) is assigned to the insured bonds and a lower cost of funds is attained. With a competitive sale, generally the bidding dealer bears the cost of insurance to the benefit of the firm's bid. The bond issuer pays the cost of bond insurance from bond proceeds with a negotiated sale.

Bond Purchase Agreement: The contract between the Syndicate and the bond issuer setting forth the final terms, prices and conditions upon which the Syndicate will purchase a new issue.

Book Running Senior Manager: The managing underwriter that controls the book of orders for the transaction and is primarily responsible for the successful execution of the transaction.

Broker-Dealer: A securities firm engaged in both buying and selling securities on behalf of customers and also buying and selling securities on behalf of its own account.

Build America Bonds ("BABs"): Taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bondholder. The most widely used version was authorized under the American Recovery and Reinvestment Act ("ARRA") that allowed BABs to be issued in 2009 and 2010 with a 35% of interest subsidy to the issuer received as direct payments from the federal government. The proceeds of BABs authorized under ARRA could only be used to fund non-private activity, governmental purposes.

Bullet Maturity: See Balloon Maturity.

Callable Bond: A bond where the bond issuer is permitted to redeem it before the stated maturity date at a specified price by giving notice of redemption in the manner specified in the bond document.

Capital Appreciation Bond: A municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment (the "maturity value") representing both the initial principal amount and the total investment return. It differs from a Zero Coupon Bond in that only the initial principal amount is counted against an issuer's statutory debt limit, rather than the total par value at maturity.

Capitalized Interest: A portion of the proceeds of an issue which is set-aside to pay interest on the bonds for a specified period of time. Interest is commonly capitalized during the construction period of a revenue-producing project.

Commercial Paper: Short-term (1 to 270 days) promissory notes usually issued to provide for interim financing of projects through the construction period and backed by a letter or line of credit from a commercial bank. Following the completion of the projects, principal and interest due on commercial paper is often redeemed through the issuance of long-term refunding bonds.

Competitive Sale: The sale of a new issue of bonds by an issuer through a bidding process where underwriters are awarded the bonds on the basis of offering the lowest cost of funds for the issuer usually as measured on a true interest cost (TIC) basis. The bid parameters for the public sale are established in the notice of sale or notice inviting bids.

Credit Enhancement: The use of the credit of an entity other than the issuer to provide additional security in a bond or note financing. This term typically is used in the context of bond insurance, letters of credit and other similar facilities.

Credit Ratings: Evaluations of the credit quality of bonds made by independent ratings services such as Moody's Investors Service, Standard & Poor's Ratings Group and Fitch. Credit ratings are intended to measure the probability of timely repayment of principal and interest on municipal securities. Credit ratings are assigned before issuance of the bonds and are periodically reviewed or may be amended to reflect changes in the issuer's credit position. Bonds with investment grade ratings are assigned credit ratings between Baa3/BBB- and Aaa/AAA.

Current Refunding: A current refunding involves refunding bonds within 90 days of the bond's first optional redemption. Federal tax law does not limit the number of current refundings of any tax-exempt bond.

Customer Facility Charge (CFC): A fee imposed by a car rental company upon a car rental customer arriving at the airport and renting a vehicle from an on-airport or off-airport car rental company serving the airport. The CFC is collected by the car rental company generally for use by the airport in funding rental car facility-related projects or debt associated with such projects.

Debt Ratios: Comparative statistics showing the relationship between a bond issuer's outstanding debt and factors affecting repayment. Such ratios are often used in the process of determining the credit quality of an issue. Examples of debt ratios applied to airport bonds include: debt/revenues/costs per enplaned passenger, debt service coverage ratio, utilization per gate, operating ratio and net takedown.

Debt Service: The amount due for repayment of interest and principal on outstanding debt, including required contributions to a sinking fund for term bonds. Debt service may be computed on a bond year, fiscal year or calendar year basis.

Debt Service Coverage: The ratio of Net Revenues annually available to pay debt service on bonds to the annual debt service requirement. This ratio is one indicator of the credit quality of a bond issue. For example, a coverage ratio of "1.50x" means that for every $1.00 of annual debt service, the bond issuer has $1.50 of annual net revenues.

Debt Service Reserve Fund: The fund in which moneys are placed which may be used to pay debt service if Net Revenues are insufficient to satisfy the debt service requirements. The size of this fund is generally established by the reserve requirement, which is generally equal to the lesser of: (i) 10% of new issue par, (ii) maximum annual debt service (debt service is amount due on existing and proposed debt for a common debt service reserve fund), and (iii) 125% of average annual debt service (debt service is amount due on existing and proposed debt for a common debt service reserve fund).

Debt Service Reserve Fund Surety Policy: A debt service reserve fund insurance policy provided by a highly-rated municipal bond insurer or a letter of credit provided by a highly-rated commercial bank which guarantees the funding of the reserve requirement.

Defeasance: Bonds for which the payment of debt service has been assured through the structuring of a portfolio of government securities, the principal and interest on which will be sufficient to pay debt service on the outstanding bonds. The rights and interest of the bondholders and of their lien on pledged revenues is terminated in accordance with the bond documents through a defeasance. Defeasance usually occurs through the issuance of refunding bonds.

Disclosure: From the perspective of the bond issuer, it is taken to mean the dissemination of accurate and complete information material to an existing or proposed bond issuance which an investor is likely to consider important in making an investment decision. The material facts pertinent to a new bond offering are disclosed in the Official Statement.

Disclosure Counsel: A law firm retained by the bond issuer to prepare the Official Statement and provide a 10b-5 opinion.

Discount Bond: A bond sold for less than its face value as a result of the yield exceeding the coupon rate.

Financial Advisor: A consultant who advises the bond issuer on matters such as bond structure, timing, marketing, pricing, documentation and credit ratings. The consultant may also provide non-bond related advice relating to capital planning and investment management.

Fixed Rate Debt: Securities with an interest rate that is established for the life of the securities.

Forward Refunding: A Forward Refunding is an agreement, usually between an issuer and the underwriter, whereby the issuer agrees to issue bonds on a specified future date and an underwriter agrees to purchase such bonds on such date. The proceeds of such bonds, when issued, are generally used to refund the issuer's outstanding bonds.

Group Net Order: An order for bonds submitted by a Syndicate member in which the takedown is distributed to Syndicate members according to their respective liability shares in the issue.

Interest Rate Risk: The risk associated with changes in general interest rate levels or Yield Curves (see Yield Curves below).

Letter of Credit: A commitment usually made by a commercial bank to honor demands for timely payment of debt service upon compliance with pre-established conditions and/or the occurrence of certain events specified in the agreement between the bank and the issuer of the debt. Letters of credit are often issued as additional sources of security for issues of notes, commercial paper or bonds, with the bank issuing the letter of credit committing to pay debt service on the bonds. Debt issued with a letter of credit may be assigned the credit rating (short- and/or long-term) of the letter of credit provider. Letters of credit may also provide liquidity support for such debt issues.

Master Indenture: The Trust Indenture that governs all the senior lien bond obligations of the issuer.

Master Subordinate Indenture: The Trust Indenture that governs all the subordinate lien bond obligations of the issuer.

Negotiated Sale: The sale of a new issue of bonds by an issuer through an agreement with an underwriter or underwriting Syndicate selected by the issuer. Bonds are generally sold on a negotiated basis when market conditions, issue structure or issue credit quality indicate that a competitive sale would result in higher borrowing costs for the issuer.

Official Statement: A document published by the bond issuer, and often prepared by Disclosure Counsel, which discloses material information on a new bond issue including the purpose of the issue, source of repayment, bond covenants as well as financial, economic, demographic and legal characteristics of the bond issuer. The Official Statement is used by investors to determine the credit quality of the bond issue. An Official Statement is deemed preliminary prior to the determination of the interest rates on the bond issue.

Parity Bonds: Two or more subsequent issues of bonds which have the same priority of claim or lien against pledged revenues.

Passenger Facility Charge (PFC): A fee, in amounts up to $4.50, assessed to enplaned passengers at commercial airports controlled by public agencies. Airports use these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition. Federal law limits use of PFC funds strictly to the above categories.

Premium Bond: A bond sold for greater than its face value as a result of the coupon rate exceeding the yield.

Redemption Provisions: Terms set out in the bond documents which give the bond issuer the right or requirement to redeem or “call” all or a portion of an outstanding issue of bonds prior to their stated dates of maturity at a specified price.

Remarketing Agent: A broker-dealer responsible for reselling to new investors securities (such as variable rate demand obligations and other tender option bonds) that have been tendered for purchase by their owner. The remarketing agent also typically is responsible for resetting the interest rate for a variable rate issue and also may act as tender agent.

Retail Order: An order for bonds placed by an individual or, as determined by the bond issuer, a retail order may also include an order placed by a bank trust department or an investment advisor for an individual.

Secondary Market Disclosure: Disclosure of information relating to outstanding municipal securities made following the end of the underwriting period by or on behalf of the issuer of the securities.

Securities and Exchange Commission (SEC): The Federal agency responsible for supervising and regulating the securities industry. In general, municipal securities are exempt from the SEC's registration and reporting requirements. Brokers and dealers in municipal securities, however, are subject to SEC regulation and oversight. The SEC also has responsibility for the approval of Municipal Securities Rulemaking Board (MSRB) rules, and has jurisdiction, pursuant to SEC Rule 10b-5, over fraud in the sale of municipal securities.

SEC Rule 15(c)2-12: A regulation of the SEC which requires underwriters participating in primary offerings of municipal securities of $1,000,000 or more (i) to obtain, review, and distribute to investors copies of the issuer's disclosure documents; (ii) to obtain and review a copy of an Official Statement deemed final by an issuer of the securities, except for the omission of specified information; (iii) to make available upon request, in non-competitively bid offerings, the most recent preliminary official statement, if any; (iv) to contract with an issuer of the securities, or its agent, to receive, within specified time periods, sufficient copies of the issuer's final official statement, both to comply with this rule and any rules of the Municipal Securities Rulemaking Board; and (v) to provide, for a specified period of time, copies of final Official Statements to any potential customer upon request. The rule contains exemptions for underwriters participating in certain offerings of municipal securities issued in large denominations that are sold to no more than 35 sophisticated investors, have short-term maturities, or have short-term tender or put features. The release also modifies, in limited respects, a previously published interpretation of the legal obligations of municipal securities underwriters.

Senior Lien Bonds: Bonds which have a prior claim against pledged revenues.

Serial Bonds: Bonds of an issue in which principal is amortized in successive years without interruption.

Subordinate Lien Bonds: Bonds which have a subordinate, or junior, claim against pledged revenues.

Special Facility Obligations: The issuance of bonds by a governmental entity to finance a project with repayment secured by a defined revenue stream derived from or relating to the use of the completed project.

Syndicate: A group of underwriters formed to purchase and re-offer a bond issuer's bonds for sale to the public. The syndicate is organized for the purposes of sharing the risks of underwriting the issue, obtaining sufficient capital to purchase a bond issue and for broader distribution of the issue to the general public. Each syndicate member has a share in the liability of the issue.

Takedown: The total discount at which members of syndicates buy bonds from an issuer.

Tax Events Risk: Risk to the issuer of variable rate bonds created by either a change in the taxable equivalent yield of comparable investments or loss of tax-exempt status. For an issuer of variable rate bonds, a reduction in federal income tax rates would increase interest costs. Re-classification of outstanding variable rate bonds as taxable would also increase interest costs.

Term Bonds: Bonds comprising a large part of the issue which come due in a single maturity. The bond issuer usually makes periodic payments into a sinking fund for mandatory redemption of term bonds before maturity or for payment at maturity.

True Interest Cost: The rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received on the closing date of the bond issue.

Trust Indenture: A contract between a bond issuer and a trustee, for the benefit of bondholders. The trustee administers the funds specified in the indenture and implements the remedies provided in case of default.

Underwriter: A dealer which purchases a new issue of bonds for resale either by negotiation with the issuer or by award on the basis of a competitive bid.

Underwriter's Counsel: A law firm retained by the Underwriter to represent their interests in connection with the negotiated purchase of a new issue of bonds. The firm's duties may include review of all bond documents, preparation of the agreement among Underwriters and negotiation of the bond purchase contract between the Underwriter and the bond issuer.

Underwriter's Gross Spread: In a negotiated sale, the difference between the price the Underwriter pays the bond issuer and the original reoffering price to the public; includes the management fee, expenses, and sales commissions (takedown and concession).

Variable Rate Debt: Securities with an interest rate that changes at intervals according to an index or formula, or is periodically (daily, weekly or monthly) reset at the market clearing rate. Variable rate debt is also known as "floating rate debt".

Yield Curve: Refers to the graphical or tabular representation of interest rates across different maturities. The presentation often starts with the shortest-term rates and extends towards longer maturities. It reflects the market's views about implied inflation/deflation, liquidity, economic and financial activity, and other market forces.

Zero Coupon Bond: An original issue discount bond on which no periodic interest payments are made but which is issued at a deep discount from par, accreting (at the rate represented by the offering yield at issuance) to its full value at maturity.

[Amended by Resolution 2015-0042 dated May 21, 2015.]
[Amended by Resolution 2014-0050 dated June 5, 2014.]
[Amended by Resolution 2013-0048 dated June 6, 2013.]
[Amended by Resolution 2012-0060 dated June 7, 2012.]
[Amended by Resolution 2011-0078 dated July 7, 2011.]
[Adopted by Resolution. 2010-0046 dated May 6, 2010.]

TABLE OF CONTENTS
FOR
POLICIES

ARTICLE 5

CONTRACTING AND DEBARMENT

[Governs how the Authority contracts with third-party entities for goods and services.]

Section No.	Title
	Part 5.0 - Contracting and Purchasing
5.01	Procurement of Service and Consulting Agreements and the Purchase of Supplies, Materials and Equipment
5.02	Procurement of Contracts for Public Projects
5.03	Request for Proposals and Request for Qualification
5.04	Cooperative Purchasing
5.05	Signature Authority for Non-Monetary Memorandums of Agreements, Memorandums of Understanding and Letters of Agreement with Other Agencies
	Part 5.1 - Equal Opportunity
5.10	Compliance With Equal Employment Opportunity and Nondiscrimination Policy
5.11	Equal Opportunity Contracting Policy
5.12	Preference to Small Businesses
5.13	Local Business Opportunities
5.14	Small Business, Local Business and Service Disabled Veteran Owned Small Business Goal and Preference Program
	Part 5.2 - Third-Party Claims
5.20	Adjustment and Settlement of Claims
	[Reserved (5.40-5.99)]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.0 - CONTRACTING AND PURCHASING
SECTION 5.01 - PROCUREMENT OF SERVICE AND CONSULTING AGREEMENTS AND THE PURCHASE OF SUPPLIES, MATERIALS AND EQUIPMENT

PURPOSE: To establish a policy governing the procurement of service and consulting agreements and the purchase of supplies, materials and equipment for the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

In the procurement of service and consulting agreements and the purchase of supplies, materials and equipment, the Authority's Executive Director or his or her designee (the "**Executive Director**") shall be responsible for following all procedures required by (1) the Authority, (2) the San Diego County Regional Airport Authority Act, as amended from time to time, and (3) other applicable federal, state and local laws.

(1) Service and Consulting Agreements.

(a) Minor Service Agreements of $50,000 or Less. Subject to federal requirements, when the expenditure is $50,000 or less, a competitive RFP or RFQ process is not required. The issuing department will evaluate potential candidates and recommend the final candidate to the Executive Director. The Executive Director shall award the agreement based on the issuing department's recommendation and inform the Authority's Board of Directors (the **"Board"**) at its next meeting.

(b) Intermediate Service Agreements of $50,001 through $100,000. When the expenditure is between $50,001 and $100,000, an agreement shall be awarded after the Authority has completed its evaluation process, including the completion of a competitive RFP or RFQ process, subject to federal requirements. The issuing department will evaluate and recommend the final candidate to the Executive Director. The Executive Director shall award the agreement based on the issuing department's recommendation and inform the Board at its next meeting.

(c) Major Service Agreements Over $100,000. When the expenditure exceeds $100,000, an agreement shall be awarded after the Authority has completed its evaluation process, including, subject to federal requirements: (i) the completion of a competitive RFP or RFQ process; (ii) the holding of an information exchange meeting with potential candidates; and (iii) the advertisement of the services sought under the RFP or RFQ. An evaluation committee selected by the Authority then shall interview potential candidates. The evaluation committee and the issuing department shall recommend the top three ranking candidates to the Executive

Director for selection via a final report. The Executive Director shall award the agreement based on the final report and inform the Board at its next meeting.

(d) Certain Professional Services Agreements. In accordance with Section 4526 of the California Government Code and the procedures described above in this Paragraph 1 (and subject to federal requirements), the Authority shall follow an RFQ process to obtain the professional services of private architectural, landscape architectural, engineering, environmental, land surveying or construction project management firms on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.

(2) Purchasing of Supplies, Materials and Equipment. When supplies, materials or equipment are to be purchased, the Executive Director shall proceed as follows:

(a) For purchases between $5,000 and $50,000, the Executive Director shall secure competitive quotations. The contract shall be awarded to the person whose quotation the Executive Director determines to be in the best interests of the Authority, taking into account: (i) the person's qualifications, fitness, capacity and experience; (ii) factors relating to the public interest; and (iii) such other factors as the Executive Director reasonably deems appropriate and in the best interests of the Authority.

(b) When the estimated expenditure for any one purchase is in excess of $50,000, but does not exceed $100,000, informal written bids shall be solicited from appropriate suppliers. The call for informal bids shall specify a time period within which bids will be received. All bids received shall be considered together at the expiration of this period. The contract shall be awarded to the bidder whose bid the Executive Director determines to be in the best interests of the Authority, taking into account: (i) the bidder's qualifications, fitness, capacity and experience; (ii) factors relating to the public interest; and (iii) such other factors as the Executive Director reasonably deems appropriate and in the best interests of the Authority.

(c) When the estimated expenditure for any one purchase exceeds $100,000, the Executive Director shall publish a notice inviting sealed bids. Such notice shall specify a time period within which bids shall be received, which shall be not less than ten days after publication of such notice. All bids received shall be considered together at the expiration of this period. The contract shall be awarded to the bidder whose bid the Executive Director determines to be in the best interests of the Authority, taking into account: (i) the bidder's qualifications, fitness, capacity and experience; (ii) factors relating to the public interest; and (iii) such other factors as the Executive Director reasonably deems appropriate and in the best interests of the Authority. Purchases that exceed $100,000 shall be reported to the Board at its next meeting.

(3) Change Orders.

(a) The Executive Director is authorized to negotiate and execute any change order without Board action for any agreement or contract originally awarded following the informal procedures described above in Paragraph 1(a), 1(b), 2(a) or 2(b); provided, however, that the Board's approval shall be required for any change order that causes the aggregate amount of the

relevant agreement or contract (*i.e.*, the original agreement or contract amount plus the amount of the change order) to be $110,000 or greater.

(b) In addition, for any agreement or contract originally awarded following the procedures described above in Paragraph 1(c) or 2(c), the Executive Director is authorized to negotiate and execute any change order without Board action for:

(i) Agreements or contracts awarded for less than or equal to $1,000,000, in an amount not to exceed 10% of the original agreement or contract award, and extending time for completion for a period not to exceed 90 days;

(ii) Agreements or contracts awarded for more than $1,000,000, but less than or equal to $5,000,000, in an amount not to exceed 6% of the original agreement or contract award, and extending time for completion for a period not to exceed 90 days; and

(iii) Agreements or contracts awarded for more than $5,000,000, in an amount not to exceed 4% of the original agreement or contract award, and extending time for completion for a period not to exceed 90 days.

Notwithstanding the foregoing, with respect to any agreement or contract originally awarded following the procedures described above in Paragraph 1(c) or 2(c), any change order that exceeds the budget approved by the Board for the relevant expenditure shall be presented to the Board for action.

(c) The Executive Director shall notify the Board at its next meeting of any change orders approved by the Executive Director.

(d) The Executive Director may, at his or her sole discretion, bring any change order before the Board for action.

(4) Execution of Contracts. The Executive Director shall execute all service and consulting agreements and contracts for the purchase of supplies, materials and equipment, except where otherwise provided by law.

(5) Emergency Purchases.

(a) Notwithstanding any other provisions of this policy, the Executive Director may make or authorize others to make emergency procurements if: (i) there exists a threat to public health, welfare or safety; or (ii) a situation exists that makes compliance with the procurement process contrary to the public interest. Emergency procurements shall be made with such competition as the Executive Director deems appropriate under the circumstances.

(b) A written determination of the basis for the emergency and for the award of the particular contract shall be included in the contract file.

Emergency procurements authorized by the Executive Director that exceed $100,000 shall be reported to the Board at its next meeting.

(6) Sole Source Procurement. A contract may be awarded without complying with the otherwise applicable competitive procedures under this policy when the Executive Director determines in writing that: (a) there is only one known source for the required supply, service or item; or (b) one source is the only practical way to respond to overriding circumstances that make compliance with the otherwise applicable competitive procedures under this policy not in the best interests of the Authority.

(7) Specifications.

(a) Pursuant to Section 3400 of the California Public Contract Code, the Authority shall not draft RFPs, RFQs or specifications for bids (i) in a manner that limits the RFP or RFQ process or bidding, directly or indirectly, to any one specific concern, or (ii) calling for a designated material, product or service by specific brand or trade name unless the specification lists at least two brands or trade names of comparable quality or utility and is followed by the words "or equal" so that respondents may furnish any equal material, product or service. The Authority shall, if aware of an equal product manufactured in California, name that product in the specification. In those cases involving a unique or novel product application required to be used in the public interest, or where only one brand or trade name is known to the Authority, it may list only one. Specifications shall provide a period of time prior to or after, or prior to and after, the award of the agreement or contract for submission of data substantiating a request for a substitution of "an equal" item. If no time period is specified, data may be submitted any time within 35 days after the award of the agreement or contract.

(b) Paragraph 7(a) shall not be applicable if the Authority makes a finding that is described in the RFP, RFQ or invitation for bids that a particular material, product or service is designated by specific brand or trade name for either of the following purposes: (i) in order that a field test or experiment may be made to determine the product's suitability for future use; or (ii) in order to match other products in use on a particular public improvement either completed or in the course of completion.

(8) Disadvantaged Business Enterprises. The Authority's procurement of service and consulting agreements and contracts for the purchase of supplies, materials and equipment shall be consistent with the Federal Aviation Administration's policies relating to the participation of disadvantaged business enterprises.

(9) Indemnification. The Executive Director shall determine the appropriate indemnification provisions to include in service and consulting agreements and contracts for the purchase of supplies, materials and equipment.

(10) Insurance Requirement. The Executive Director shall determine the appropriate insurance provisions to include in service and consulting agreements and contracts for the purchase of supplies, materials and equipment.

(11) Compliance with all Applicable Laws. In any situation where compliance with this policy will place the Authority in conflict with any applicable provisions of state or federal law, the Authority shall comply with such provisions, notwithstanding this policy.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.0 - CONTRACTING AND PURCHASING
SECTION 5.02 - PROCUREMENT OF CONTRACTS FOR PUBLIC PROJECTS

PURPOSE: To establish a policy governing the procurement of contracts for Public Projects (as defined below) for the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

In the procurement of contracts for Public Projects (as defined below), the Authority's Executive Director or his or her designee (the **"Executive Director"**) shall be responsible for following all procedures required by (1) the Authority, (2) the San Diego County Regional Airport Authority Act, as amended from time to time, and (3) other applicable federal, state and local laws.

This policy relates to the Authority's procurement of contracts for Public Projects (as defined below). See Section 5.01 for the Authority's policy relating to the procurement of service and consulting agreements and the purchase of supplies, materials and equipment.

This policy is designed to provide for increased economy in procurement activities and to enable the Authority to maximize the purchasing value of Authority funds by fostering effective broad-based competition while ensuring fair and equitable treatment of all persons who deal with Authority procurement.

Fair and equitable treatment includes (but is not limited to): fair and equitable contractor selection processes, utilization of prevailing wages, Disadvantaged Business Enterprise goals for federally funded work, opportunities for small business, proper employment of apprentices, equal employment opportunities, payment bonds and safe and healthful working conditions on all contracts executed by the Authority.

(1) Awarding of Contracts for Public Projects.

(a) The following terms shall have the below-specified meanings:

(i) **"Public Project"** means (a) construction, reconstruction, erection, alteration, renovation, improvement, demolition or repair work involving any publicly owned, leased or operated Facility; and (b) painting or repainting of any such Facility.

(ii) **"Facility"** means any plant, building, structure, ground facility, utility system, real property, streets and highways or other public work improvement.

(iii) **"Maintenance Work"** means (a) routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated Facility for its intended purposes; (b) minor repainting; (c) recarpeting; (d) resurfacing of streets and highways at less than one inch; or (e) landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.

(iv) "**Fee-producing infrastructure project**" or "**fee-producing infrastructure facility**" means the operation of the infrastructure project or facility will be paid for by the persons or entities benefited by or utilizing the project or facility.

(v) "**Design-Build (D-B)"** is a project delivery method under which one entity performs both architecture/engineering and construction under a single contract. Design-build procurements will use a qualifications based selection (QBS) process, or a QBS with a competitive design and price proposal.

(vi) **"Construction Manager at Risk (CMAR)"** is a project delivery method under which the contractor is selected using a QBS and works with the architect/engineer providing pre-construction services during design, and then constructs the project under a negotiated Guaranteed Maximum Price (GMP) or fixed price.

(vii) **"Multiple Award Task Order Contracting (MATOC)"** is a project delivery method under which the contractor is contracted for using a QBS and there is a multiple award to two or more contractors. The contractors will competitively compete for small projects, or negotiate a GMP or fixed price. Projects implementation under a MATOC type contract can utilize the D-B-B, A+B, D-B or CMAR project delivery approaches.

(viii) **"Design-Bid-Build"** is a project delivery method under which the architecture/engineering is contracted for separately from the contractor. The contractor is selected based upon being the lowest responsive and responsible bidder. A+B contracting is a variation of this system.

(ix) **"A+B"** is a project delivery method under which the contractor is selected based on a combination of weighted factors that include both cost and schedule components.

(x) **"Qualifications Based Selection (QBS)"** is a process where the contractor, or design-build team, is selected based upon the attributes of that entity which is judged, or reviewed, to determine conformity to predetermined standards and requirements that are determined to be in the best interest of the Authority.

(xi) **"Guaranteed Maximum Price (GMP)"** is a sum established in an agreement between the Authority and a Design-Build Team, or a Construction Manager at Risk as the maximum cost of performing specified work on the basis of cost of labor and materials plus overhead expenses and profit.

(b) Public Projects of $25,000 or less may be performed by Authority employees, by negotiated contract or by purchase order.

(c) When the contract amount for a Public Project is more than $25,000 but less than or equal to $100,000, the Authority shall follow the informal procedures set forth below:

(i) The Authority shall create and maintain a list of qualified contractors identified by categories of work.

(ii) All contractors on the list maintained by the Authority for the category of work being bid, and/or such construction trade journals as are determined by the Executive Director (which may include one or more of the trade journals specified for San Diego County by the California Uniform Cost Accounting Commission pursuant to Section 22036 of the California Public Contract Code), shall be mailed a notice inviting informal bids unless the product or service is proprietary.

(iii) The mailing of notices to contractors and construction trade journals must be completed not less than 10 calendar days before bids are due.

(iv) The notice inviting informal bids shall: (a) describe the Public Project in general terms; (b) describe how to obtain more detailed information about the Public Project; and (c) state the time and place for the submission of bids.

(v) After the time for submission of bids has expired, the Executive Director may award the contract to the bidder whose bid the Executive Director determines to be in the best interests of the Authority, taking into account: (a) the bidder's qualifications, fitness, capacity and experience; (b) factors relating to the public interest; and (c) such other factors as the Executive Director reasonably deems appropriate and in the best interests of the Authority.

(vi) If all bids received are in excess of $100,000, then the Executive Director may award the contract to a bidder whose bid is under $110,000, if any, taking into account the factors listed above in Paragraph 1(c)(v). If no bid is under $110,000, then all bids shall be rejected and the Authority's cost estimate shall be reviewed to determine its reasonableness. If necessary, the cost estimate shall be revised and the project rebid using the procedures appropriate for the revised cost estimate.

(vii) The Executive Director shall notify the Authority's Board of Directors (the **"Board"**) at its next meeting of any contracts awarded using the foregoing informal procedures.

(d) When the contract amount for a Public Project is more than $100,000, the Authority shall follow the formal bidding procedures set forth below:

(i) The Board shall adopt plans and specifications and working details for the Public Project.

(ii) The Authority may pre-qualify a select bidders' list of contractors for a single project if the Executive Director determines this to be in the best interests of the Authority.

(iii) Notice of the Public Project shall be published in a newspaper of general circulation, printed and distributed within the jurisdiction of the Authority at least 14 calendar days prior to opening of bids.

(iv) Notice inviting formal bids also shall be mailed to such construction trade journals as are determined by the Executive Director (which may include one or more of the trade journals specified for San Diego County by the California Uniform Cost Accounting Commission pursuant to Section 22036 of the California Public Contract Code), at least 30 calendar days prior to the bid opening date.

(v) After the time for submission of bids has expired, the Board may award the contract to the bidder whose bid the Board determines to be in the best interests of the Authority, taking into account: (a) the bidder's qualifications, fitness, capacity and experience; (b) factors relating to the public interest; (c) consideration of schedule and price where time has a financial impact (A+B bidding) and (d) such other factors as the Board reasonably deems appropriate and in the best interests of the Authority.

(e) Notwithstanding the requirements set forth above in this Paragraph 1, and subject to federal requirements, the Authority may follow a competitive RFP or RFQ process for design-build, construction manager at risk, multiple award task order form of contracts. After the time for submission of proposals or qualifications has expired, the Executive Director may award the contract to the person or firm whose proposal or response the Executive Director determines to be in the best interests of the Authority, taking into account: (i) the person's or firm's qualifications, fitness, capacity and experience; (ii) factors relating to the public interest; and (iii) such other factors as the Board reasonably deems appropriate and in the best interests of the Authority; provided, however, that the Board, instead of the Executive Director, shall award design-build, construction manager at risk, multiple award task order form of contracts when the contract amount or task/job order is more than $100,000.

(2) If deemed appropriate and in the best interest of the Authority, the Authority may utilize private investment capital to study, plan, design, construct, develop, finance, maintain, rebuild, improve, repair, or operate, or any combination thereof, fee-producing infrastructure facilities in accordance with Government Code Section 5956-5956.10.

(3) Federally-Funded Contracts. Notwithstanding any provision in this policy to the contrary, the Authority shall comply with all federal requirements applicable to federally-funded Public Projects, including, without limitation, any terms and conditions that the Federal Aviation Administration (the **"FAA"**) requires as a condition to the Authority's receipt of federal funds in connection with the FAA's Airport Improvement Program.

(4) Change Orders.

(a) The Executive Director is authorized to negotiate and execute any change order without Board action for any contract for a Public Project originally awarded following the informal procedures described above in Paragraph 1(b) or 1(c); provided, however, that the Board's approval shall be required for any change order that causes the aggregate amount of the relevant contract (*i.e.*, the original contract amount plus the amount of the change order) to be $110,000 or greater.

(b) In addition, for any contract for a Public Project originally awarded following the procedures described above in Paragraph 1(d) or 1(e), the Executive Director is authorized to negotiate and execute any change order without Board action for:

(i) Contracts awarded for less than or equal to $1,000,000, in an amount not to exceed 10% of the original contract award, and extending time for completion for a period not to exceed 90 days;

(ii) Contracts awarded for more than $1,000,000, but less than or equal to $5,000,000, in an amount not to exceed 6% of the original contract award, and extending time for completion for a period not to exceed 90 days; and

(iii) Contracts awarded for more than $5,000,000, in an amount not to exceed 4% of the original contract award, and extending time for completion for a period not to exceed 90 days.

Notwithstanding the foregoing, with respect to any contract originally awarded following the procedures described above in Paragraph 1(d) or 1(e), any change order that exceeds the budget approved by the Board for the relevant Public Project shall be presented to the Board for action.

(c) The Executive Director shall notify the Board at its next meeting of any change orders approved by the Executive Director.

(d) The Executive Director may, at his or her sole discretion, bring any change order before the Board for action.

(5) Execution of Contracts. The Executive Director shall execute all contracts for Public Projects, except where otherwise provided by law.

(6) Acceptance and Notice of Completion. Upon the completion of a contract for a Public Project, the Executive Director may execute and record the "Acceptance and Notice of Completion," in accordance with applicable law.

(7) Emergency Purchases.

(a) Notwithstanding any other provisions of this policy, the Executive Director may make or authorize others to make emergency procurements if: (i) there exists a threat to public health, welfare or safety; or (ii) a situation exists that makes compliance with the procurement process contrary to the public interest. Emergency procurements shall be made with such competition as the Executive Director deems appropriate under the circumstances.

(b) A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file.

(c) Emergency procurements authorized by the Executive Director that exceed $100,000 shall be reported to the Board at its next meeting.

(8) Sole Source Procurement. A contract for a Public Project may be awarded without complying with the otherwise applicable competitive procedures under this policy when the Executive Director determines in writing that: (a) there is only one known source for the required supply, service, item or construction; or (b) one source is the only practical way to respond to overriding circumstances that make compliance with the otherwise applicable competitive procedures under this policy not in the best interests of the Authority.

(9) Specifications.

(a) Pursuant to Section 3400 of the California Public Contract Code, the Authority shall not draft RFPs, RFQs or specifications for bids (i) in a manner that limits the RFP or RFQ process or bidding, directly or indirectly, to any one specific concern, or (ii) calling for a designated material, product or service by specific brand or trade name unless the specification lists at least two brands or trade names of comparable quality or utility and is followed by the words "or equal" so that respondents may furnish any equal material, product or service. The Authority shall, if aware of an equal product manufactured in California, name that product in the specification. In those cases involving a unique or novel product application required to be used in the public interest, or where only one brand or trade name is known to the Authority, it may list only one. Specifications shall provide a period of time prior to or after, or prior to and after, the award of the contract for submission of data substantiating a request for a substitution of "an equal" item. If no time period is specified, data may be submitted any time within 35 days after the award of the contract.

(b) Paragraph 8(a) shall not be applicable if the Authority makes a finding that is described in the RFP, RFQ or invitation for bids that a particular material, product or service is designated by specific brand or trade name for either of the following purposes: (i) in order that a field test or experiment may be made to determine the product's suitability for future use; or (ii) in order to match other products in use on a particular public improvement either completed or in the course of completion.

(10) Disadvantaged Business Enterprises. The Authority's procurement of contracts for Public Projects shall be consistent with the FAA's policies relating to the participation of disadvantaged business enterprises.

(11) Performance and Payment Bonds. Performance and payment bonds or equivalent acceptable security shall be required at the discretion of the Executive Director, or to the extent required by applicable law (including, without limitation, Section 3247 *et seq.* of the California Civil Code).

(a) Bond Must be Delivered Prior to Issuing Contract Document. If required, a performance and payment bond satisfactory to the Authority, executed by a surety company authorized to do business in California or otherwise secured in a manner satisfactory to the Authority, shall be presented to the Authority prior to issuance of a contract document that authorizes the work (i.e. construction).

(b) Substitutes for Bonds Acceptable. Except as required by applicable law (including, without limitation, Section 3248 of the California Civil Code), in lieu of a performance and payment bond, the Authority may accept cash, money order, certified check, cashiers check or irrevocable letter of credit. Such alternate form of security shall be for the same purpose and shall be subject to the same conditions as a performance and payment bond.

(c) Reduction of Bond Amount. The Executive Director may reduce the amount of performance and payment bonds required on a specific contract, except as required by applicable law. Disclosure of the reduction shall be present in the notice inviting bids.

(d) Authority to Require Additional Bonds. Nothing in this section shall be construed to limit the authority of the Executive Director to require a performance bond or other security in addition to those bonds, or in circumstances other than to those specified in this policy.

(12) Indemnification. The Executive Director shall determine the appropriate indemnification provisions to include in contracts for Public Projects.

(13) Insurance Requirement. The Executive Director shall determine the appropriate insurance provisions to include in contracts for Public Projects.

(14) Compliance with all Applicable Laws. In any situation where compliance with this policy will place the Authority in conflict with any applicable provisions of state or federal law, the Authority shall comply with such provisions, notwithstanding this policy.

[Amended by Resolution No. 2005-0061 dated May 2, 2005]
[Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.0 - CONTRACTING AND PURCHASING
SECTION 5.03 - REQUEST FOR PROPOSALS AND REQUEST FOR QUALIFICATION

PURPOSE: To direct the preparation of procedures for the Request for Proposal ("**RFP**") and Request for Qualification (**"RFQ**") processes of the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) In the event that any proposals for the provision of services, procurement of goods or other matters are subject to competitive bidding processes, then the Authority's staff shall prepare for review by the Authority's Executive Director or his or her designee (the "**Executive Director**"), a draft RFP or RFQ, as applicable.

(2) The Executive Director will have the power to prepare, adopt, modify and amend the procedures (the "**Procedures**") for the RFP and RFQ processes. The Executive Director will deliver the initial Procedures to the Board and will notify the Board of any material amendments, modifications, additions or deletions to the Procedures.

(3) The RFP and RFQ process shall be conducted in accordance with the Authority's other policies and codes and applicable federal, state and local laws.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.0 - CONTRACTING AND PURCHASING
SECTION 5.04 - COOPERATIVE PURCHASING

PURPOSE: To permit the Authority to use the competitively awarded purchasing contracts of other public agencies for the acquisition of supplies, materials, equipment, information technology, or services, including public projects. The use of this alternative contracting method provides the Authority with the ability to reduce the cost of purchasing supplies, materials, equipment, information technology and services by pooling the purchasing power of more than one public agency or by avoiding the expenses of conducting its own individual competitive process.

POLICY STATEMENT:

(1) The San Diego County Regional Airport Authority Act (Public Utilities Code Section 170040) states that the Authority "may contract with any department or agency of the United States, with any state or local governmental agency, or with any person upon whose terms and conditions that the Authority finds are in its best interests." Government Code Section 6500 *et seq*., provides that public agencies by agreement may jointly exercise any power common to the contracting parties, even though one or more of the parties may be located outside the State of California.

(2) The procurement of supplies, materials, equipment, information technology or services is governed by Policy Section 5.01. The procurement of public projects is governed by Policy Section 5.02. In some instances, however, the Authority shall be allowed to enter into a cooperative procurement arrangement, joint powers agreement or other agreement to purchase supplies, materials, equipment, information technology or services, including public projects as long as a competitive selection process was used by the other public agency to secure the underlying contract for the supplies, materials, equipment, information technology or services.

(3) In accordance with Public Utilities Code Section 170040 and Government Code Section 6500 *et seq*., the Authority is hereby authorized to use cooperative procurement arrangements, joint powers agreements or other agreements for the purpose of combining resources to increase efficiency or reduce administrative expenses in the purchase of supplies, materials, equipment, information technology or services.

(4) The Authority may participate in cooperative procurement arrangements, joint powers agreements or other agreements with one or more other public bodies, or agencies of the United States for the purchase of supplies, materials, equipment, information technology or services if: (1) a public competitive selection process was used to secure the underlying contracts for goods, supplies, equipment, information technology or services with the lead public agency; (2) the Authority has identified a need for the supplies, materials, equipment, information technology or services; (3) a copy of the agreement or other written proof is security by the Authority reflecting that a public competitive process was used; and (4) it is determined to be in the best interest of the Authority to use the alternative contracting method described herein.

[Amended by Resolution No. 2008-0053 dated May 1, 2008.]
[Adopted by Resolution No. 2006-0046 dated May 1, 2006.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.0 - CONTRACTING AND PURCHASING
SECTION 5.05 - SIGNATURE AUTHORITY FOR NON-MONETARY MEMORANDUMS OF AGREEMENT, MEMORANDUMS OF UNDERSTANDING AND LETTERS OF AGREEMENT WITH OTHER AGENCIES

PURPOSE: To authorize the President and Chief Executive Officer ("President/CEO") of the Authority to sign Non-Monetary Memorandums of Agreement, Memorandums of Understanding and Letters of Agreement with Other Agencies

POLICY STATEMENT:

(1) The President/CEO or his or her designee shall have the authority to sign non-monetary Memorandums of Agreement, Memorandums of Understanding and Letters of Agreement or other similar type agreements with other agencies, provided that, prior to signature, each document is approved as to legal form by General Counsel to the Authority.

[Adopted by Resolution No. 2011-0058 dated May 5, 2011.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.1 - EQUAL OPPORTUNITY
SECTION 5.10 - COMPLIANCE WITH EQUAL EMPLOYMENT OPPORTUNITY AND NONDISCRIMINATION POLICY

PURPOSE: To establish a formal policy statement of the Board of Directors (the "**Board**") of the San Diego County Regional Airport Authority (the "**Authority**") to ensure that contractors and lessees adhere to: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the California Fair Employment and Housing Act; and any other applicable federal, state and local law or regulation relating to equal employment opportunity and nondiscrimination, including any such law, regulation and policy hereinafter enacted.

POLICY STATEMENT:

It is the policy of the Authority that all contractors and lessees interested in conducting business with the Authority shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, ancestry, physical or mental disability, veteran status, medical condition, marital status, age (40 years and older), sexual orientation, pregnancy or other non-job related criteria and shall take action to assure applicants are employed and that employees are treated during employment, without regard to race, color, religion, sex, national origin, ancestry, physical or mental disability, veteran status, medical condition, marital status, age (40 years and older), sexual orientation, pregnancy or other non-job related criteria.

The Authority shall require all prospective contractors and lessees to complete and file with the Authority an Equal Employment Opportunity and Nondiscrimination Program and Statement of Compliance for the promotion of equal employment opportunities and nondiscrimination.

Further, the Authority believes that diversity in the workforce provides a variety of perspectives, promotes the exchange of ideas and provides an ability to respond to a diverse community. This statement is provided to reaffirm the Authority's commitment to equal employment opportunity and nondiscrimination and to require its contractors and lessees to ensure that all employment actions shall be administered in a manner to further the principle of equal employment opportunity and nondiscrimination.

PROVISIONS:

(1) The Board hereby declares that from the effective date of this policy, there shall be included in contract and lease documents covering services or lands under the control of the Authority, a provision requiring the contractor or lessee to formulate and file with the Authority

an Equal Employment Opportunity and Nondiscrimination Program and Statement of Compliance for the promotion of equal employment opportunities and nondiscrimination. The contract or lease provision shall be included in all new, renewed and substantially amended contracts or leases. A sublessee who is the prime operator on leased premises shall be considered the lessee for the purposes and provisions of this policy.

(2) The contract or lease provision incorporating the Equal Employment Opportunity and Nondiscrimination Program and Statement of Compliance requirement shall provide that the Authority may, upon reasonable notice and at reasonable times, have access to employment records so that the effectiveness of the Equal Employment Opportunity and Nondiscrimination Program may be evaluated. Contractor or lessee shall further be required to file the Equal Employment Opportunity and Nondiscrimination Program and Statement of Compliance annually with the Authority for approval and make such progress reports as required by the Authority.

(3) Prior to final Board action on a new, renewed or a substantially amended contract or lease, contractor or lessee shall file with the Authority an Equal Employment Opportunity and Nondiscrimination Program and Statement of Compliance for review and approval.

(4) Currently exempt from the requirements of this policy are:

(a) Any lessee granted a lease for a term of five years or less;

(b) Any lessee with an average annual employment operating from the premises of 50 or less employees; provided, however, that said policy shall be applicable at any time said annual employment level exceeds 50 employees; and

(c) Any contractor or lessee who is subject to a federally mandated affirmative action program for employees, provided such contractor or lessee shall annually certify to the Authority that it is subject to such a program, and, upon request of the Authority, shall furnish evidence thereof.

(5) This policy shall be reviewed and updated annually and when required by law.

[Amended by Resolution No. 2011-0011 dated January 6, 2011.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.1 - EQUAL OPPORTUNITY
SECTION 5.11 - EQUAL OPPORTUNITY CONTRACTING POLICY

PURPOSE: To promulgate a formal policy statement of the Board of Directors (the "**Board**") of the San Diego County Regional Airport Authority (the "**Authority**") to ensure that all businesses, including Disadvantaged Business Enterprises (**"DBEs"**), shall have the maximum opportunity to participate in the performance of all Authority and Department of Transportation ("**DOT**") assisted contracts and leasing opportunities.

POLICY STATEMENT:

(1) Definitions: DBEs are for-profit, small business concerns that are at least 51% owned by one or more individuals who are both socially and economically disadvantaged or, in the case of a corporation, in which 51% of the stock is owned by one or more such individuals; and whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.

Socially and economically disadvantaged individuals means any individual who is a citizen or lawfully admitted permanent resident of the United States and who is:

(a) Any individual found to be socially and economically disadvantaged on a case-by-case basis;

(b) Any individual in the following groups, members of which are rebuttably presumed to be socially and economically disadvantaged:

(i) Black Americans;

(ii) Hispanic Americans;

(iii) Native Americans;

(iv) Asian-Pacific Americans;

(v) Subcontinent Asian Americans;

(vi) Women; and/or

(vii) Any additional groups whose members are designated as socially and economically disadvantaged by the Small Business Administration.

(2) It is the policy of the Authority that all businesses, including those that meet the definition of socially and economically disadvantaged, as defined in 49 Code of Federal Regulations ("**CFR**") Part 26, be provided equal access to participate in the performance of all Authority and in DOT-assisted contract and leasing opportunities.

(3) The Authority further has committed to take all necessary and reasonable steps to increase its utilization of DBEs to the extent feasible and legally permissible. It is also the Authority's policy to prohibit discrimination against any person because of race, color, religion, sex, national origin, ancestry, physical or mental disability, veteran status, medical condition, marital status, age (40 years and older), sexual orientation, pregnancy or other non-job related criteria, in the award or performance of Authority and DOT-assisted contracts or leases.

(4) The Authority will create a level playing field on which DBEs can compete fairly for Authority and DOT-assisted contracts and ensure that the DBE program is narrowly tailored in accordance with applicable law. The Authority will strive to ensure that only firms that fully meet 49 CFR Part 26 eligibility standards are permitted to participate as DBEs. This policy will help remove barriers to the participation of DBEs in Authority and DOT-assisted contracts and assist in the development of firms to compete successfully in the marketplace outside the DBE program.

(5) The Authority will take such action as may be necessary to ensure that, to the maximum extent practicable, at least 10% of all businesses at the airport(s) under the Authority's control that sell food, beverages, printed materials or other consumer products to the public, are small business concerns (as defined by the U.S. Secretary of Transportation by regulation), owned and controlled by socially and economically disadvantaged individuals.

(6) The Director of Small Business Development shall be designated as the DBE Liaison Officer (DBELO) and shall have unimpeded access to the President/CEO of the Authority regarding DBE matters. The DBELO shall be responsible for implementation of the Authority's DBE program and ensuring that the Authority's employees, agents, lessees and contractors adhere to the provisions of the DBE program. Implementation of the DBE program is accorded the same priority as compliance with all other legal obligations incurred by the Authority.

(7) This policy shall be reviewed and updated annually and when required by law.

[Amended by Resolution No. 2011-0011 dated January 6, 2011.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.1 - EQUAL OPPORTUNITY
SECTION 5.12 - PREFERENCE TO SMALL BUSINESSES

PURPOSE: To establish a policy allowing a preference to small businesses in the award of construction and non-construction contracts for the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

In the procurement of contracts, the Authority's President/Chief Executive Officer or his or her designee (the **"President/CEO**") shall be responsible for following all procedures required by (1) the Authority, (2) the San Diego County Regional Airport Authority Act, as amended from time to time, and (3) other applicable federal, state, and local laws.

(1) Applications and Definitions.

(a) This policy relates to the Authority's procurement of service and consulting agreements and the purchase of supplies, materials and equipment as defined in Article 5, Part 5.0, Section 5.01, and procurement of contracts for public projects as defined in Article 5, Part 5.0, Section 5.02 on a selected basis.

(b) In the event policy 5.14 is implemented in the procurement of service and consulting agreements and the purchase of supplies, materials and equipment, sections (2), (3), (4) and (6) of this policy will not apply.

(c) For the purpose of this policy, a small business shall be a firm that (1) is enrolled in the Authority's Bonding and Contract Financing Assistance Program which requires verification by staff that the firm meets Small Business Administration (SBA) size standards, or (2) a business concern that is certified as a disadvantaged business enterprise (DBE) by the California Unified Certification Program, or (3) possesses valid certification issued by an agency, approved by the Authority, that verifies the firm is within the SBA size standards, or (4) is an airport concessionaire that provides evidence that its business size is within standards established under 49 CFR Part 23, Section 23.33.

(2) Objectives. The objectives of this policy are to:

(a) Establish principles and practices to facilitate a small business preference program that will provide full disclosure and transparency of the Authority's commitment, and

(b) Provide a preference of up to five percent (5%) to small businesses in the award of selected Authority contracts.

(3) Preference for Procurement When Bid Price is Primary Selection Criteria. As provided under Policy Section 5.01 and Policy Section 5.02, the contractor is selected based on being the lowest responsive and responsible bidder. In the event of a contract award where the pricing is primary selection criteria, the following shall apply:

(a) The bid amount of the lowest responsive and responsible bidder that is not a small business shall be multiplied by five percent (5%). The resulting five percent (5%) amount shall be considered as the small business preference.

(b) The lowest responsive and responsible bidder that is a small business shall have their bid adjusted by subtracting the amount of the small business preference from the small business's original bid. The adjusted bid is used in determining the award of contract. If the small business's adjusted bid is lower than the lowest non-small business bid amount, the contract shall be awarded to the small business.

(c) The maximum amount of the adjustment cannot exceed $200,000.

(d) The final contract award should be in the amount of the original bid.

(4) Preference for Procurement on Qualification Based Selection Criteria. When a contractor is selected based on a scoring matrix that includes multiple criteria, points can be included for being a small business provided that the maximum points allowed for being a small business do not exceed five percent (5%) of the total allowable points used in the recommendation.

(5) Preference for Bonding and Contract Financing Program ("***Program***"). The Authority may allow an additional preference in a bid under this policy for a Public Project only when all of the following are present:

(a) The bidder is a participating small business contractor formally enrolled in the Authority's Program, and

(b) The bidder is the apparent low bidder for the Public Project contract, or the bidder will be the successful bidder under one of the scenarios listed above, and

(c) The amount of the additional preference does not exceed five percent (5%) of the contract price, and

(d) The total amount of the additional preference allowed bidder is only administrative costs incurred or to be incurred under the Program and are solely related to the specific bid under consideration by the Authority, and

(e) As a result of the additional preference extended under this policy, the bidder's contract bid amount is not altered or increased.

(6) When applicable, the combined preference for sections (3) and (5) above shall not exceed 5% or $200,000, whichever is less.

[Amended by Resolution No. 2014-0132 dated December 4, 2014.]
[Amended by Resolution No. 2012-0043 dated April 12, 2012.]
[Amended by Resolution No. 2011-0011 dated January 6, 2011.]
[Amended by Resolution No. 2009-0141 R dated November 5, 2009.]
[Adopted by Resolution No. 2009-0057 dated April 2, 2009.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.1 - EQUAL OPPORTUNITY
SECTION 5.13 - LOCAL BUSINESS OPPORTUNITIES

PURPOSE: To promulgate a formal policy statement of the San Diego County Regional Airport Authority (the "Authority") aimed at maximizing opportunities for local businesses to participate in the performance of all Authority contracts.

POLICY STATEMENT:

(1) It is the policy of the Authority to encourage the purchase of products, services and equipment from businesses located within the boundaries of San Diego County. The Authority is committed to maximizing opportunities for local businesses to the highest extent possible, while complying with applicable codes, statutes, regulations, laws and prudent purchasing practices.

(2) Definition: A "Local Business" must meet all of the following criteria:

(a) Have a valid business certificate issued by San Diego County, or a valid business license issued by a city within San Diego County, and
(b) Over fifty percent (50%) of the workforce based in the local office must reside in San Diego County; and
(c) Be headquartered or have a physical commercial address located within the limits of San Diego County for a minimum of 6 months prior to the release of a solicitation for which a business responds as a local business participant. (U.S. Post Office boxes are not verifiable and shall not be considered for the purpose of this definition).

(3) The Authority commits to take reasonable steps to increase its utilization of local businesses to the extent feasible and legally permissible through the following:
(a) Adhering to an ethical and transparent procurement process;
(b) Promoting upcoming opportunities to local businesses; and
(c) Providing local businesses with resources and education.

(4) This policy shall be periodically reviewed for consistency with the Authority's operations and applicable federal, state and local laws. In the event of any inconsistency between this policy and applicable federal, state and local laws, such laws shall govern.

[Amended by Resolution No. 2015-0002 dated January 15, 2015.]
[Amended by Resolution No. 2011-0011 dated January 6, 2011.]
[Adopted by Resolution No. 2009-0126 dated October 1, 2009.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.1 - EQUAL OPPORTUNITY
SECTION 5.14 - SMALL BUSINESS, LOCAL BUSINESS AND SERVICE DISABLED VETERAN OWNED SMALL BUSINESS GOAL AND PREFERENCE PROGRAM

PURPOSE: To establish a program of goals and incentives benefiting small businesses, local businesses, and/or service disabled veteran owned small businesses in the contract procurement process of the San Diego County Regional Airport Authority ("**Authority**").

POLICY STATEMENT:

In the procurement of contracts, the Authority's President/Chief Executive Officer or his or her designee (**"President/CEO**") shall be responsible for following all procedures required by (1) the Board, (2) the San Diego County Regional Airport Authority Act, as amended, and (3) all other applicable federal, state, and local laws.

(1) Definitions.

(a) *Bonding and Contract Financing Assistance Program* – The program offered by the Authority intended to aid small and local businesses in obtaining first time bonding or increasing bonding capacity.
(b) *Contracts* – Instrument used for the procurement of services and consulting agreements and the purchase of supplies, material, and equipment as outlined in Policy 5.01 and the procurement of contracts for Public Projects as outlined in Policy 5.02.
(c) *Contract Owner* – A department within the Authority having responsibility for oversight and management of the contract to which the bid or proposal solicitation applies.
(d) *Disadvantaged Business Enterprise* (DBE) – A small business concern that has been certified by the California Unified Certification Program (UCP) in compliance with 49 CFR Parts 23 or 26.
(e) Good Faith Effort – The demonstration of a sustained and deliberate effort by a contractor responding to a bid or proposal solicitation issued by the Authority for the purpose of achieving meaningful participation by small businesses, local businesses and/or service disabled veteran owned small businesses.
(f) *Local Business* – A business as defined under Policy 5.13.
(g) *Prime Contractor* – A party or entity with whom the Authority enters into a legally binding agreement.

(h) *Small Business* – A profit-making corporation, sole proprietorship, or partnership that: (1) is enrolled in the Authority's Bonding and Contract Financing Assistance Program which requires verification by staff that the firm meets Small Business Administration (SBA) size standards, or (2) a business concern that is certified as a disadvantage business enterprise (DBE) by the California Unified Certification Program, or (3) possesses valid certification issued by an agency, approved by the Authority, that verifies the firm is within the SBA size standards, or (4) is an airport concessionaire that provides evidence that its business size is within standards established under 49 CFR Part 23, Section 23.33.

(i) *Subcontractor* – A party or entity that enters into a legally binding agreement with a Prime Contractor.

(j) *Service Disabled Veteran Owned Small Business (SDVOSB)* – A profit-making corporation, sole proprietorship, or partnership in which at least 51 percent of the shares or stock or other equitable securities are owned by one or more persons who are service-disabled veterans and included in the "VetBiz Registry" maintained by the United States Department of Veteran Administration (DVA) or any subsequent database preferred by the DVA.

(k) *Small Business Development* – A department within the Authority, or any subsequent department identified by the President/CEO, that oversees and monitors compliance with this Policy 5.14.

(l) *Trade Assessment* – An estimated breakdown of specific trades needed to complete a defined scope of work.

(m) *Vendor Management System* – The registration system used by the Authority for business concerns to express interest in a particular trade and/or business opportunity.

(2) Application.

This policy shall be applied to designated projects at the discretion of the Contract Owner, that will promote participation by small, local or SDVOSB business concerns.

When a small business goal is not established under this Policy, Policy 5.12 will apply.

(3) Methodology Used to Establish Small Business, Local Business, and/or Service Disabled Veteran Owned Small Business Goals.

(a) Small Business Goal – A small business goal shall be established by the following methodology:

i. The Trade Assessment categories needed to fulfill the scope of work will be developed based on the contract owner's estimate.

ii. A Trade Assessment Scope Percentage (Scope%) will be calculated by taking the estimated value of the scope to be performed in each specific Trade Assessment category divided by the total estimated value of the contract.

iii. A Trade Assessment Availability Percentage (Availability%) will be calculated by taking the total number of registered businesses within the Authority's vendor management system that (1) meet the Small Business criteria as defined by Policy 5.14; and (2) are capable to perform the specific Trade Assessment category. This number is divided by the total number of businesses in the same specific Trade Assessment categories from the same source.

iv. A weighted goal percentage is calculated by multiplying the Trade Assessment Scope% by the Trade Assessment Availability% for each applicable Trade Assessment category. Each Trade Assessment category is added up which will result in the applicable goal.

v. The total small business goal cannot exceed fifty percent (50%) for each contract.

vi. The Trade Assessment Availability% can be calculated in advance provided that the Trade Assessment Availability% used is not older than 24 months.

(b) Local Business Goal – A local business goal shall be established by the following methodology:

i. Identify the Trade Assessment categories needed to fulfill the scope of work.

ii. A Trade Assessment Scope Percentage (Scope%) will be calculated by taking the estimated value of the scope to be performed in each specific Trade Assessment category divided by the total estimated value of the contract.

iii. A Trade Assessment Availability Percentage (Availability%) will be calculated by taking the total number of registered businesses within the Authority's vendor management system that (1) meet the Local Business criteria as defined by Policy 5.14; and (2) are capable to perform the specific Trade Assessment category. This number is divided by the total number of businesses in the same Trade Assessment categories from the Authority's vendor management system.

iv. A weighted goal percentage is calculated by multiplying the Trade Assessment Scope% by the Trade Assessment Availability% for each applicable Trade Assessment category. Then each Trade Assessment category is added up which will result in the applicable goal.

v. The total local business goal cannot exceed sixty percent (60%) for each contract.

vi. The Trade Assessment Availability% can be calculated in advance provided that the Trade Assessment Availability% used is not older than 24 months.

(c) A Service Disabled Veteran Owned Small Business (SDVOSB) Goal – A SDVOSB goal shall be established at three percent (3%).

(4) Goal Application When Price is Primary Selection Criteria for public projects or purchase of supplies, materials or equipment.

(a) A Small Business participation goal will be established for each identified project based on the methodology set forth in section (3) above. For those bids that meet or exceed the established goal, a price preference equal to three percent (3%) shall be awarded. For those businesses that have some participation, but do not meet the goal, a partial preference point will be provided for every full third of the goal achieved.

(b) A Local Business participation goal will be established for each identified project based on the methodology set forth in Section (3) above. For those bids that meet or exceed the established goal, a price preference equal to two percent (2%) shall be awarded. For those businesses that have some participation, but do not meet the goal, a single preference point will be provided if bid exceeds one-half of the goal. However, there will be no preference points awarded if the Authority's overall Local Business participation is at a level above sixty percent (60%) of current contract participation excluding those contracts that utilize federal funds and The Green Build terminal expansion project. A Local Business participation goal shall only be applied to contracts in excess of twenty-five thousand dollars ($25,000).

(c) A Service Disabled Veteran Owned Small Business (SDVOSB) participation goal of three percent (3%) shall be established for each identified project. For those bids that meet or exceed the 3% goal, a price preference equal to two percent (2%) shall be awarded. For those businesses that have at least 1% participation, but less than the 3% goal, a single preference point will be provided.

(d) Partial goal achievement will be determined by dividing the goal percentage by the available preference points. All goals shall be expressed in whole percentage numbers and rounding for partial goals shall always be up to the next whole percentage number. (EXAMPLE: Goal is 32% and there are three preference points available 31% ÷ 3 = 10.33% shall be rounded up to 11%)

(e) The maximum allowable combined participation preference shall not exceed seven percent (7%) or a combined price preference of $200,000 on any single bid.

(f) The bid amount of the lowest responsive and responsible bidder (low bidder) shall be multiplied by the combined percentage points attributed to the eligible preferences identified in (4)(a), (4)(b), & (4)(c) above, for each responsive and responsible bidder (bidder). This will result in a unique bid adjustment amount specific to each bidder. (For example, a bidder that meets two of the three criteria for a combined preference of 5% will be awarded the contract if their bid price is within 5% or less of the lowest bid). The corresponding bid adjustment amount will be subtracted from each bidders' original bid price, including the low bidder, to create the adjusted bid price. The adjusted bid price is used in determining the award of contract.

(g) The final contract award shall be in the amount set forth in the original bid.

(5) Goal Application for Qualification Based Selection Criteria.

(a) A Small Business participation goal will be established for each identified project based on the methodology set forth in section (3) above. For those submittals that meet or exceed the established goal, a scoring preference equal to three percent (3%) of the total available points shall be awarded as part of the overall scoring matrix used in determining selection. For those submittals that have some participation, but do not meet the goal, a partial points can be awarded provided it is limited to one point for every full third of the goal achieved.

(b) A Local Business participation goal will be established for each identified project based on the methodology set forth in section (3) above. For those submittals that meet or exceed the established goal, a scoring preference equal to two percent (2%) of the total available points shall be awarded as part of the overall scoring matrix used in determining selection. For those submittals that have some participation, but do not meet the goal, one (1) point will be awarded provided submittal achieves one-half of the goal. A local goal is not permitted in awarding airport concessions under Federal regulations as long as the airport is recipient of federal grant monies.

(c) A SDVOSB participation goal of three percent (3%) will be established for each identified project. For those submittals that meet or exceed the established goal, a scoring preference equal to two percent (2%) of the total available points shall be awarded as part of the overall scoring matrix used in determining selection. For those businesses that have at least 1% participation, but less than the 3% goal, a single preference point will be provided.

(d) Partial goal achievement will be determined by dividing the goal percentage by the available preference points. All goals shall be expressed in whole percentage numbers and rounding for partial goals shall always be up to the next whole percentage number. (EXAMPLE: Goal is 32% and there are three preference points available $31\% \div 3 = 10.33\%$ shall be rounded up to 11%)

(e) The points awarded shall not exceed seven percent (7%) of the total allowable points used in the overall recommendation.

(f) The use of the preference points shall be applied to determine which proposers will be interviewed for final consideration. Preference points will not be used in the final ranking.

(g) The Prime Contractor must provide a distinct and clearly defined portion of work for all subcontractors whose participation is submitted in response to the corresponding goal. Any substitution in performance of said work without the Authority's prior written consent may be grounds for contract termination, at which time the Authority may negotiate a new contract to the next highest ranked proposer without need to re-compete, provided there is no less than 50% of the contract term remaining.

(6) Exemptions.

(a) Federally funded projects require conformance with grant assurance requirements as established pursuant to 49 CFR Part 18.36.

(b) Concession contracts pursuant to 49 CFR Part 23 prohibit the use of local participation in the award of contracts.

(c) This Policy shall not apply if it conflicts with applicable federal, state or local laws or regulations.

[Amended by Resolution No. 2014-0132 dated December 4, 2014]
[Amended by Resolution No. 2012-0043 dated April 12, 2012.]
[Adopted by Resolution No. 2011-0011 dated January 6, 2011.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.1 - EQUAL OPPORTUNITY
SECTION 5.15 - EQUAL BENEFITS FOR SPOUSES AND DOMESTIC PARTNERS

PURPOSE: To promulgate a formal policy statement of the San Diego County Regional Airport Authority (the "Authority") to ensure that contractors and lessees provide equal benefits between employees with spouses and employees with domestic partners, and between dependents and family members of spouses and dependents and family members of domestic partners.

POLICY STATEMENT:

(1) It is the policy of the Authority that all contractors and lessees who conduct business with the Authority shall not discriminate against any employee or applicant for employment because of sexual orientation (see Authority Policy § 5.10). Discrimination in the provision of employee benefits between employees with domestic partners and employees with spouses results in unequal pay for equal work. It is the Authority's intent, through the contracting policies outlined in this Policy, to assure that those companies wanting to do business with the Authority will equalize the total compensation between similarly situated employees with spouses and with domestic partners. The provisions of this Policy are designed to ensure that the Authority's contractors and lessees will maintain a competitive advantage in recruiting and retaining capable employees, thereby improving the quality of the goods and services the Authority and its customers receive.

(2) Definitions:

(a) **"Benefits"** means any plan, program or policy provided or offered by a Contractor to its employees as part of the employer's total compensation package. This includes, but is not limited to, the following types of benefits: bereavement leave; family medical leave; health benefits; disability, life, and other types of insurance; membership or membership discounts; moving expenses; vacation; travel benefits; and any other plans, policies or benefits given to employees, provided that it does not include benefits to the extent that the application of the requirements of this Policy to such benefits may be preempted by federal or state law.

(b) **"Contract"** means an agreement the value of which is equal to or exceeds fifty thousand dollars ($50,000). It includes, but is not limited to, agreements for work or services to or for the Authority, for public works or improvements to be performed, agreements for the purchase of goods, equipment, materials, or supplies. Contract also includes any lease or license entered into by the Authority.

(c) **"Contractor"** means any person, firm, partnership, corporation, joint venture, or any combination of these, or any governmental entity acting in its proprietary capacity, that enters into a Contract with the Authority. The term does not include Subcontractors.

(d) **"Domestic Partner(s)"** means any two adults in a relationship pursuant to the requirements for filing as domestic partners under California Family Code § 297 and who have registered as domestic partners with a governmental entity pursuant to state or local law authorizing this registration.

(e) **"Equal Benefits"** means the equality of benefits between employees with Spouses and employees with Domestic Partners, between Spouses of employees and Domestic Partners of employees, and between dependents and family members of Spouses and dependents and family members of Domestic Partners.

(f) **"Policy"** means Authority Policy § 5.15 as amended.

(g) **"Spouse(s)"** means any two adults, of the same or different sex, whose marriage is recognized under the laws of the State of California.

(h) **"Subcontractor"** means any person, firm, partnership, corporation, joint venture, or any combination of these, or any governmental entity acting in its proprietary capacity, that assists the Contractor in performing or fulfilling the terms of a Contract. Subcontractors are not subject to the requirements of this Policy unless they otherwise have a Contract directly with the Authority.

(3) **Equal Benefits Requirements**

(a) The Authority shall not execute any Contract with any Contractor that discriminates in the provision of Benefits between employees with Spouses and employees with Domestic Partners, between Spouses of employees and Domestic Partners of employees, and between dependents and family members of Spouses and dependents and family members of Domestic Partners. For the avoidance of doubt, benefits will be provided equally to Spouses and Domestic Partners of employees regardless of gender, and also equally to all Domestic Partners as compared to Spouses.

(b) A Contractor must permit access to, and upon request, must provide certified copies of all of its records pertaining to its Benefits policies and its employment policies and practices to the Authority, for the purpose of investigation or to ascertain compliance with this Policy.

(c) A Contractor must not set up or use its contracting entity for the purpose of evading the requirements imposed by this Policy.

(d) A Contractor shall not be deemed to be engaging in discrimination in the provision of Benefits when:

(i) The actual cost of providing a certain benefit for the Domestic Partner of an employee exceeds that of providing it for the Spouse of an employee, or the Contractor's actual cost of providing a certain benefit for the Spouse of an employee exceeds that of providing it for the Domestic Partner of an employee, and the Contractor conditions providing such benefit upon the employee agreeing to pay the excess cost;

(ii) The implementation of policies ending discrimination in benefits is delayed following the first award of an Authority Contract:

(1) Until the first effective date after the first open enrollment process following the date the Contract with the Authority is executed, provided that the Contractor submits evidence of reasonable efforts to end discrimination in benefits. This delay may not exceed two (2) years from the date the Contract with the Authority is executed and only applies to benefits for which an open enrollment process is applicable.

(2) Until administrative steps can be taken to incorporate nondiscrimination in benefits in the Contractor's infrastructure. The time allotted for these administrative steps shall apply only to those benefits for which administrative steps are necessary and may not exceed three (3) months. An extension of this time may be granted by the Authority President/CEO upon written request of a Contractor, setting forth the reasons that additional time is required.

(3) Until the expiration of a Contractor's current collective bargaining agreement(s) where all of the following conditions have been met:

(a) The provision of Benefits is governed by one or more collective bargaining agreements; and

(b) The Contractor takes all reasonable measures to end discrimination in Benefits by either requesting that the union(s) involved agree to re-open the agreement(s) in order for the Contractor to take whatever steps are necessary to end discrimination in Benefits or by ending discrimination in Benefits without reopening the collective bargaining agreement(s); and

(c) In the event the Contractor cannot end discrimination in Benefits despite taking all reasonable measures to do so, the Contractor provides a cash equivalent to eligible employees for whom Benefits are not available. Unless otherwise authorized in writing by the Authority President/CEO, this cash equivalent payment must begin at the time the union(s) refuse to allow the collective bargaining agreements to be reopened, or in any case no longer than three (3) months from the date the Contract with the Authority was executed. This cash equivalent payment shall not be required where it is prohibited by federal or state law.

(4) **Other Options for Compliance** – Provided that the Contractor does not discriminate in the provision of Benefits, a Contractor may also comply with this Policy in the following ways:

(a) A Contractor may provide an employee with the cash equivalent only if the Authority President/CEO determines that either:

(i) The Contractor has made a reasonable, yet unsuccessful effort to provide Equal Benefits; or

(ii) Under the circumstances, it would be unreasonable to require the Contractor to provide Benefits to the Domestic Partner (or Spouse, if applicable).

(b) Provide Benefits neither to employees' Spouses nor to employees' Domestic Partners.

(5) **Applicability**

(a) Unless otherwise exempt, a Contractor is subject to and shall comply with all applicable provisions of this Policy when entering into a Contract with the Authority that equals or exceeds fifty thousand dollars ($50,000).

(b) The requirements of this Policy shall only apply to a Contractor's operations that occur:

(i) In the County of San Diego;

(ii) On real property located outside the County of San Diego if the property is owned by the Authority, or the Authority has a right to occupy the property, and if the Contractor's presence at or on the property is connected to a Contract with the Authority; and

(iii) Elsewhere in the United States where work related to an Authority Contract is being performed.

(6) **Mandatory Contract Provisions Pertaining to Equal Benefits**

(a) Unless otherwise exempt, every Contract shall contain language that obligates Contractor to comply with the applicable provisions of this Policy.

(7) **Non-applicability, Exceptions, and Waivers** – The Authority President/CEO may waive compliance with this Policy under the following circumstances:

(a) The Contract is for the use of Authority property, and there is only one prospective Contractor willing to enter into the Contract.

(b) The Contract is for needed goods, services, construction of a public work or improvement, or interest in or right to use real property that is available only from a single

prospective Contractor, and that prospective Contractor is otherwise qualified and acceptable to the Authority.

(c) The Contract is necessary to respond to an emergency that endangers the public health or safety.

(d) The Contract is awarded as a sole source procurement under Authority Policy § 5.01(6).

(e) The General Counsel certifies in writing that the contract involves specialize litigation requirements such that it would be in the best interests of the Authority to waive the requirements of this Policy.

(f) The Contract is: (i) with a public entity; (ii) for goods, services, construction of a public work or improvement, or interest in or right to use real property; and (iii) that is either not available from another source, or is necessary to serve a substantial public interest.

(g) The requirements of this Policy will violate, or are inconsistent with the terms of a grant, subvention or agreement with a public agency or the instruction of an authorized representative of a public agency with respect to any grant, subvention or agreement.

(h) The Contract is for goods, services, or a project that is essential to the Authority and there are no qualified prospective Contractors who comply with this Policy.

(i) The Contract involves bulk, cooperative, or joint purchasing arrangements.

(j) The Contract involves:

(1) The investment of trust moneys or agreements related to the management of trust assets;

(2) Authority money invested in U.S. government securities or under pre-existing investment agreements; or

(3) The investment of Authority money where the Authority President/CEO finds that:

(a) No person, entity or financial institution doing business in the County of San Diego that is in compliance with this Policy is capable of performing the desired transaction(s); or

(b) The Authority will incur a financial loss which, in the opinion of the Authority President/CEO or his/her designee, would violate his/her fiduciary duties.

(k) The Authority President/CEO determines that it is in the best interest of the Authority to waive the requirements of this Policy and the Contract is reported to the Authority's Board of Directors at the Board meeting following the execution of the Contract.

(l) Nothing in this subsection shall limit the right of the Authority's Board of Directors to waive the requirements of this Policy.

(8) **Consistency with Federal Law** – The provisions of this Policy do not apply where the application of these provisions would violate or be inconsistent with the laws, rules or regulations of federal or state law, or where the application would violate or be inconsistent with the terms or conditions of a grant or contract with the United States of America, the State of California, or the instruction of an authorized representative of any of these agencies with respect to any grant or Contract.

(9) **Effective Date** – The requirements of this Policy shall not apply to Contracts executed or bid packages advertised and made available to the public before April 1, 2015.

[Adopted by Resolution No. 2015-0013 dated January 15, 2015.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.2 - THIRD-PARTY CLAIMS
SECTION 5.20 - ADJUSTMENT AND SETTLEMENT OF CLAIMS

PURPOSE: To establish a policy governing adjustment and settlement of claims by the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) The Authority's President/Chief Executive Officer or his or her designee (the "**President/CEO**") shall be responsible for establishing guidelines for the processing, adjustment and final settlement of claims either against or on behalf of the Authority.

(2) Claims against the Authority shall be:

(a) Considered for payment only after they have been filed with the Authority within the time limits allowed by California law;

(b) All claims for money or damages against the Authority shall be governed by Part 3 (commencing with §900) and Part 4 (commencing with §940) of Division 3.6 of Title 1 of the California Government Code. [P.U.C. §170032(b)]

(c) Presented to the Board together with the recommendation of the President/CEO and the Authority's General Counsel (the "**General Counsel**") for action by the Authority's Board of Directors (the "**Board**") after they have been investigated and reviewed by the President/CEO and the General Counsel; and

(d) Followed up by written notice of the Board's action to the claimant, as required by law.

(3) Claims by the Authority shall be:

(a) Whenever any Authority property is damaged or injured, an investigation and a written report of the findings shall be made to the President/CEO or his/her designee and reviewed by the General Counsel;

(b) The President/CEO and General Counsel shall take appropriate steps to collect such claims; and

(c) Offers to compromise such claims for less than the full amount of the claim shall be presented to the Board for action together with the recommendation of the President/CEO and General Counsel.

[Amended by Resolution No. 2008-0029 dated March 6, 2008.]
[Resolution No. 2002-02 dated September 20, 2002.]

TABLE OF CONTENTS
FOR
POLICIES

ARTICLE 6

REAL PROPERTY MANAGEMENT

[Addresses the Authority's real estate and leasing practices.]

Section No.	Title
	Part 6.0 – Leases
6.01	Leasing Policy
	Part 6.1 - Real Property
6.10	Sale or Exchange of Real Property
6.11	Site Preparation and Development of Bare Ground
6.12	Avigation Easements
	Part 6.2 - Real Property Management
6.20	Rules and Regulations
6.21	Tenant Project Plans
6.22	Tenant Landscaping Improvements and Maintenance
6.23	Display Signs
	Part 6.3 - Fees, Rates, Licenses and Charges
6.30	Establishment of Fees, Rates, Licenses and Charges
	[Reserved (6.40-6.99)]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 6 - REAL PROPERTY MANAGEMENT
PART 6.0 - LEASES
SECTION 6.01 - LEASING POLICY

PURPOSE: To establish general policies and practices relating to the negotiation of new leases, consent to subleases, assignment of existing leases and amendment of existing leases by the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) Negotiation of New Leases.

(a) Leasing Authority. The Authority's Executive Director or his or her designee (the "**Executive Director**") shall bring all proposed occupancy permits and grants of privileges and franchises exceeding five years in duration to the Authority's Board of Directors (the "**Board**") for approval. Subsequent to approval by the Board, the Executive Director shall enter into and execute on behalf of the Authority all such occupancy permits and grants of privileges and franchises.

The Executive Director may enter into and execute occupancy permits and grants of privileges and franchises not exceeding five years in duration without first bringing the agreements, occupancy permits and grants of privileges and franchises to the Board for approval. The Executive Director shall inform the Board on a regularly scheduled basis of all such agreements, permits and grants entered into and executed on behalf of the Authority without the prior approval of the Board.

(b) Leasing Policy. The Authority shall seek market value when leasing or renting real property and shall reflect market terms and conditions in lease agreements. Although the Authority shall seek market value when leasing or renting real property, in certain cases rent discounts and/or other concessions may be warranted. The Authority shall grant rent discounts and/or other concessions only after consideration of the value of the rent discount or other concession, including, without limitation, the Authority's participation in development expenses, relative to the market value of the lease.

The Authority shall grant leases of real property on a competitive basis to the prospective tenant that in the opinion of the Authority: (1) proposes a development or utilization that fulfills Authority land use and development criteria for the property; (2) demonstrates an economically feasible program that will produce a market value rental return to the Authority over the term of the lease; and (3) possesses the financial capacity and managerial ability to develop and maintain the property at its highest and best use over the term of the lease.

Authority leases shall reflect percentage rents for land uses that are typically paid on a percentage rent basis and shall reflect flat rents for land uses that are typically paid on a flat rent basis. Percentage rents shall be expressed in terms of a percentage rental rate for gross revenue derived from an identified land use versus a minimum fixed rent for the land and improvements leased or rented. Flat rents shall be expressed in terms of fixed rent for the land and improvements leased or rented. Both percentage rent tenants and flat rent tenants shall be responsible for all expenses associated with development and operation of the premises by the tenant.

Authority leases that reflect percentage rents shall provide for periodic adjustment of minimum rent based on the relative change in the Consumer Price Index and for periodic review of percentage rent and minimum rent based on a current market value. The Executive Director shall determine whether a third party appraisal is necessary to determine such market value.

Authority leases shall provide for arbitration in the event the Authority and the tenant cannot agree on the rent for a rental period. In accordance with applicable sections of the *California Code of Civil Procedure*, three arbiters shall conduct the arbitration. The Authority and the tenant shall each appoint an arbiter. The two arbiters appointed by the Authority and the tenant shall appoint the third arbiter. The three arbiters must be qualified real estate appraisers that are licensed to practice within the state of California.

Authority leases shall reflect a length of term commensurate with the time reasonably required for amortization of the capital investment or reinvestment to be made in the premises by the tenant as a condition of the lease.

The Authority's leases shall, at the option of the Authority, require removal by the tenant of all improvements to the premises attributable to any capital investment or reinvestment in the premises by the tenant upon the terms and conditions set forth by the Executive Director.

(2) Consent to Sublease.

(a) Subleasing Authority. The Executive Director shall bring all proposed subleases exceeding five years in duration to the Board for its prior consent. Subsequent to the Board's prior consent, the Executive Director shall have the authority to consent to all such subleases on behalf of the Authority.

The Executive Director may consent to subleases not exceeding five years in duration without first bringing the subleases to the Board for its prior consent. The Executive Director shall inform the Board on a regularly scheduled basis of all such subleases consented to on behalf of the Authority without the prior consent of the Board.

(b) Subleasing Policy. The Authority shall consent to subleases of real property provided the sublease incorporates and acknowledges the preeminent unsubordinated control of the Authority and, in the opinion of the Authority, the sublessee: (1) proposes a development or utilization that fulfills Authority land use and development criteria for the property; (2) demonstrates an economically feasible program that will produce a market value rental return to the Authority over the term of the sublease; and (3) possesses the financial capacity and managerial ability to develop and maintain the property at its highest and best use over the term of the sublease.

The Authority shall oppose subleases of real property when the sublessor, through the proposed sublease, will profit not on its investment or operation, but on the value of the real property leased from the Authority. Such circumstances arise when the contract rental value of the sublease premises is less than the market rental value of the sublease premises for the duration of the sublease. In such circumstances, the Authority shall not consent to the sublease unless it receives for its consent an amount equal to the difference between the market rental value of the sublease premises for the duration of the sublease and the contract rental value of the sublease premises for the duration of the sublease.

(3) Assignment of Existing Leases.

(a) Lease Assignment Authority. The Executive Director shall bring all proposed assignments of leasehold interests with a remaining term exceeding five years in duration to the Board for its prior consent. Subsequent to approval by the Board, the Executive Director shall consent to all such assignments on behalf of the Authority.

The Executive Director may consent to assignments of leasehold interests with remaining term not exceeding five years in duration without first bringing the assignments to the Board for its prior consent. The Executive Director shall inform the Board on a regularly scheduled basis of all such assignments consented to on behalf of the Authority without the prior consent of the Board.

(b) Lease Assignment Policy. The Authority shall consent to assignment of leasehold interests provided, in the opinion of the Authority, the assignee: (i) proposes a development or utilization that fulfills Authority land use and development criteria for the property; (ii) demonstrates an economically feasible program that will produce a market value rental return to the Authority over the remaining term of the lease; and (iii) possesses the financial capacity and managerial ability to develop and maintain the property at its highest and best use over the remaining term of the lease.

The Authority shall oppose assignments of leasehold interests when the assignor, through the proposed assignment, will profit not on its investment or operation, but on the value of the real property leased from the Authority. Such circumstances arise when the contract rental value of the lease premises is less than the market rental value of the lease premises for the remaining term of the lease. In such circumstances, the Authority shall not consent to the assignment unless it receives for its consent an amount equal to the difference between the market rental value of the lease premises for the remaining term of the lease and the contract rental value of the lease premises for the remaining term of the lease.

In the event the Authority, the assignor and the assignee cannot agree on the market rental value of the lease premises, the Authority shall consent to the assignment and the market rental value of the lease premises shall be referred to arbitration, provided all conditions to such consent set forth in the lease or provided by law have been satisfied. And, in addition, the Authority and assignee agree to pay their respective costs associated with the arbitration.

(4) Amendment of Existing Leases.

(a) Lease Amendment Authority. The Executive Director shall bring all proposed amendments to leases with a remaining term exceeding five years in duration to the Board for

approval. Subsequent to approval by the Board, the Executive Director shall enter into and execute on behalf of the Authority all such amendments.

The Executive Director may enter into and execute on behalf of the Authority amendments to leases with remaining term not exceeding five years in duration without first bringing the amendments to the Board for approval. The Executive Director shall inform the Board on a regularly scheduled basis of all such amendments on behalf of the Authority without the prior approval of the Board.

(b) Lease Amendment Policy. The Authority shall grant amendments to leases of real property provided, in the opinion of the Authority, the lessee: (i) proposes a development or utilization that fulfills Authority land use and development criteria for the property; (ii) demonstrates an economically feasible program that will produce a market value rental return to the Authority over the remaining term of the lease; and (iii) possesses the financial capacity and managerial ability to develop and maintain the property at its highest and best use over the remaining term of the lease.

The Authority shall oppose amendments to leases of real property when the lessee, through the amended lease, will profit not on its investment or operation, but on the value of the real property leased from the Authority. Such circumstances arise when the contract rental value of the lease premises under the Authority's lease is less than the market rental value of the lease premises for the remaining term of the lease. In such circumstances, the Authority shall not grant the amendment unless it receives for its consent an amount equal to the difference between the market rental value of the lease premises for the remaining term of the lease and the contract rental value of the lease premises under the Authority's lease for the remaining term of the lease.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 6 - REAL PROPERTY MANAGEMENT
PART 6.1 - REAL PROPERTY
SECTION 6.10 - SALE OR EXCHANGE OF REAL PROPERTY

PURPOSE: To establish a policy for the sale or exchange of real property owned by the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) Sales or exchanges of real property owned by the Authority and the terms of such sales or exchanges must be approved by the Authority's Board of Directors (the "**Board**").

(2) Whenever the Board determines or the Authority's Executive Director or his or her designee (the "**Executive Director**") recommends that Authority-owned real property should be sold or exchanged, the Executive Director shall submit a report to include the following:

(a) Description of the property;

(b) Value and how the value was determined;

(c) The recommended minimum amount that should be considered;

(d) Whether or not there should be real estate broker's participation;

(e) Recommended broker's fee;

(f) Recommendation as to and justification supporting the method of sale:

(i) Negotiation;

(ii) Public auction (recommended increments of bids);

(iii) Sealed bids; and

(iv) Combination of public auction and sealed bids.

(3) If the sale or exchange is approved, the Board will decide:

(a) Whether the Authority will pay the usual buyers and sellers escrow and title charges;

(b) Broker participation and broker's fee;

(c) Method of sale;

(d) Increments of bids if sale is to be by public auction; and

(e) Minimum amount to be considered.

(4) If the Board approves the sale or exchange, then the Executive Director will sell or exchange the property in compliance with the Board's conditions.

(5) The Executive Director shall submit offers of the sale or exchange to the Board for final approval or rejection.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 6 - REAL PROPERTY MANAGEMENT
PART 6.1 - REAL PROPERTY
SECTION 6.11 - SITE PREPARATION AND DEVELOPMENT OF BARE GROUND

PURPOSE: To establish a policy on the use of funds of the San Diego County Regional Airport Authority (the "**Authority**") for site preparation and development of bare unimproved land for tenant occupancy.

POLICY STATEMENT:

(1) Authority funds may be used for the development of bare unimproved land in preparation for tenant occupancy by:

(a) Installing utility mains and lines exclusive of services and laterals in original development of large areas;

(b) Preparation with a minimum of four inches of suitable capping material graded so that proper drainage and utilization is provided;

(c) Tree planting;

(d) Street lighting;

(e) Establishing street grades; and

(f) Establishing property boundary lines.

(2) The Authority may participate in sharing the cost of site preparation with tenants beyond the preparation for tenant occupancy if, in the opinion of the Authority certain unusual circumstances exist.

(3) Dirt moved by lessee during foundation excavations, ditching, or other earth moving processes shall be removed from the leased premises unless its deposition is approved by the Authority.

(4) Lessees may be permitted to excavate, fill or otherwise change the grade of the leased premises only after the written approval of the Authority's Executive Director or his or her designee has been obtained.

(5) Lessees shall install and maintain landscaping, including trees, compatible with the surrounding area, subject to written approval of the landscaping plan by the Authority.

(6) In those areas where landscaping is installed and maintained by the Authority for purposes of uniformity, the lessee shall defray its proportionate share of the cost of installation and maintenance.

(7) Requests by lessees for verification or changes of property lines or grades and other work requiring Engineering services shall be subject to a charge commensurate with the prevailing wage rates of the staff members assigned plus the costs of overhead and payroll burden, with a minimum charge of $50.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 6 - REAL PROPERTY MANAGEMENT
PART 6.1 - REAL PROPERTY
SECTION 6.12 - AVIGATION EASEMENTS

PURPOSE: To authorize the President and Chief Executive Officer of the Authority to accept grants of avigation easements.

POLICY STATEMENT:

(1) The President and Chief Executive Officer shall have the authority to accept grants of avigation easements, provided that, prior to grant acceptance, each avigation easement is approved as to form and substance by legal counsel to the Authority.

[Resolution No. 03-011 dated March 6, 2003.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 6 - REAL PROPERTY MANAGEMENT
PART 6.2 - REAL PROPERTY MANAGEMENT
SECTION 6.20 - RULES AND REGULATIONS

PURPOSE: To establish a policy for the adoption of rules and regulations for persons conducting business with the San Diego County Regional Airport Authority (the "**Authority**") on the facilities and airports under the jurisdiction of the Authority, including, without limitation, the San Diego International Airport (collectively, the "**Facilities**").

POLICY STATEMENT:

(1) The Authority desires to adopt rules and regulations (the "**Rules and Regulations**") for the Facilities that govern the operation and conduct of persons that have a business relationship or arrangement with the Authority, including, without limitation, tenants, lessees, licensees, concessionaires and car rental agencies.

(2) The Authority's Executive Director or his or her designee (the "**Executive Director**") is empowered with the authority to prepare, amend, modify, deliver and enforce the Rules and Regulations.

(3) The Executive Director will provide to the Board the initial Rules and Regulations. Thereafter, on a quarterly basis, the Executive Director will provide to the Board a summary of any material modifications, amendments, deletions or additions to the Rules and Regulations.

(4) The Authority shall take appropriate actions to disseminate and distribute the Rules and Regulations to all appropriate persons and that any contract executed and delivered by the Authority include such persons' acknowledgment and agreement to be bound by the Rules and Regulations.

(5) The preparation, amendment, delivery and enforcement of the Rules and Regulations shall be in accordance with the Authority's other policies and codes and applicable federal, state and local laws. In the event of any inconsistency between this policy or the Rules and Regulations and applicable federal, state and local law, those laws will govern and control.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 6 - REAL PROPERTY MANAGEMENT
PART 6.2 - REAL PROPERTY MANAGEMENT
SECTION 6.21 - TENANT PROJECT PLANS

PURPOSE: To establish a policy governing tenant project plan approvals by the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) Conceptual plans for proposed new development or alterations to the Authority's property that are estimated to cost more than $100,000 or that make a significant change in the silhouette or appearance of the Authority's property shall be presented for approval by the Authority's Board of Directors (the "**Board**") or Authority staff prior to submittal of final working drawings for staff review and approval. Plans for all proposed subsurface improvements, demolition and repairs shall be submitted for staff review and approval. Plans for new development or alterations estimated to cost $100,000 or less shall only be submitted for review and approval by the Authority's staff.

(2) The Authority staff shall review all plans to ensure compliance with any and all (a) policies and codes adopted by the Board, (b) proposals presented to and approved by the Board, (c) procedures, guidelines and standards established by the Executive Director and (d) federal, state and local laws, including those laws relating to the mentally or physically disabled.

(3) Approval of plans shall be conditioned on an applicant providing the Authority with copies of any application made to any governmental regulatory agency for development or construction permits or licenses within five days of making said application and a copy of any permit, license or other authorization issued by any governmental regulatory agency within ten days of its receipt.

(4) Plans that have material variations from those approved by the Board at a regular meeting shall be resubmitted to the Board.

(5) Authority staff shall inspect projects during construction to ensure compliance with Authority-approved plans.

(6) One set of all approved plans shall be kept on file.

(7) This policy shall be subject to applicable federal, state and local laws. In the event of any inconsistency between this policy and applicable federal, state and local laws, the latter shall govern and control.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 6 - REAL PROPERTY MANAGEMENT
PART 6.2 - REAL PROPERTY MANAGEMENT
SECTION 6.22 - TENANT LANDSCAPING IMPROVEMENTS AND MAINTENANCE

PURPOSE: To establish and maintain standards for tenant landscaping improvements and maintenance for the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) It is the policy of the Authority to foster and encourage excellence in landscape design, harmonious colors and materials, good proportional relationships, and to render such assistance as is feasible in the planting of trees and other landscape features.

(2) Lessees shall install and maintain required landscaping whenever the following development occurs:

(a) Development of vacant property or construction of new buildings on existing developed property;

(b) Addition to existing buildings or property;

(c) Expansion of an existing use; or

(d) Change of use.

(3) The following projects are exempt from the above requirements:

(a) Minor projects costing less than $1,000;

(b) Repairs to existing buildings; and

(c) Projects where the existing landscaping is sufficient to meet the intent of this policy, as determined by the Authority's Executive Director or his or her designee (the "**Executive Director**").

(4) The submission of landscape plans for review and approval is required. Landscape plans shall indicate adequate consideration for landscape grading, drainage, irrigation, paving, lighting, soil preparation and planting.

(5) Landscape plans approved shall be strictly adhered to in the initial development and in the renewal or replacement of site features and plant materials. Landscaping and the required irrigation system shall be installed prior to the use of leased premises.

(6) All planted areas shall be watered, fertilized and otherwise cultivated in accordance with generally accepted horticulture practice to maintain a healthy, growing condition for all trees, shrubs, and ground cover plants. Planted areas shall be maintained so as to be free of weeds, dead materials, and accumulated litter, rubble or other foreign substances. All plants shall be periodically inspected for infestation of disease or insects and immediately treated if an infestation is present.

(7) The Executive Director shall be responsible for administering landscape policy including the establishment of guidelines and standards. All landscaping shall be installed and maintained in accordance with this policy and any guidelines and/or standards established by the Executive Director.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 6 - REAL PROPERTY MANAGEMENT
PART 6.2 - REAL PROPERTY MANAGEMENT
SECTION 6.23 - DISPLAY SIGNS

PURPOSE: To establish a policy governing outside display signs for the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) The Authority's Executive Director or his or her designee (the "**Executive Director**") shall be responsible for administering sign policy.

(2) All replacement signs, signs to be modified, or new signs shall conform to the policies contained herein.

(3) All signs must meet applicable local building and electrical code requirements in addition to the requirements of this policy.

(4) Requirements.

(a) Approval of the Executive Director for each sign.

(b) Surface lettering shall be parallel to the wall to which attached.

(c) Signs must be removed by the tenant at the termination of his or her lease to the satisfaction of the Executive Director.

(d) Free-standing signs shall be permitted only when building signs are deemed to be inadequate or impractical. They shall generally be no higher in any part than 25 feet from the ground and not exceed a maximum sign area of 100 square feet.

(e) Applications for free-standing signs exceeding the requirements of this policy shall be submitted to the Authority's Board of Directors for approval.

(f) Signs may be lit by either a constant indirect source, low intensity floodlighting or backlighting.

(g) Each sign must be compatible and harmonious with adjacent landscaping and architecture.

(h) Banners, commercial flags, pennants, spinners and similar eye-catching devices shall be permitted only on the express written approval of the Executive Director.

(i) A tenant may display for a specific period of time a temporary "FOR RENT" sign not more than 18 inches wide at any point, upon approval by the Executive Director for a specific period of time.

(j) Additional specific requirements for recreational areas:

(i) Sign letters shall not exceed 15 inches in height and shall be formed of metal or cut out of plastic or wood.

(ii) Exposed light sources, e.g., neon tubes, bulbs or spotlights, are not acceptable.

(iii) Signs on fences, sheds, or other miscellaneous structures are not acceptable.

(k) Painted signs on buildings or structures are not acceptable.

(5) Conditions under which display signs will be disapproved.

(a) Surface signs projecting more than 16 inches away from the wall of the building;

(b) Signs affixed to buildings, which extend above the roof or parapet wall;

(c) Spotlighting attached to, or part of, the sign;

(d) Animated or rotating signs;

(e) Flashing or blinking lights;

(f) Internally illuminated signs which may interfere with navigation or safety; and

(g) Display of more than the business name, address, product, service, or principal use of the premises.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 6 - REAL PROPERTY MANAGEMENT
PART 6.3 - FEES, RATES, LICENSES AND CHARGES
SECTION 6.30 - ESTABLISHMENT OF FEES, RATES, LICENSES AND CHARGES

PURPOSE: To establish a policy describing the adoption, amendment and modification of fees, rates, licenses and charges (collectively, "**Fees**"), imposed by the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) The Authority may impose Fees upon persons ("**Parties**"), including, without limitation, tenants, lessees, licensees, concessionaires and car rental agencies.

(2) The Authority's Executive Director or his or her designee (the "**Executive Director**") shall have the authority to charge, set, prepare, amend, modify, deliver and enforce Fees imposed upon the Parties. However, the Board shall have the exclusive authority to charge or set Fees for parking at the San Diego International Airport at Lindbergh Field. The Authority's Board of Directors (the "**Board**"), upon written notice to the Executive Director, may impose reasonable limitations on the Executive Director's ability to charge Fees.

(3) On a quarterly basis, the Executive Director will provide to the Board a summary of any material modifications, amendments, deletions or additions to the Fees imposed upon the Parties.

(4) The preparation, amendment, delivery and enforcement of the Fees set forth in this policy shall be in accordance with the Authority's other policies and codes and applicable federal, state and local laws. In the event of any inconsistency between this policy and applicable federal, state and local laws those laws will govern and control.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

TABLE OF CONTENTS
FOR
POLICIES

ARTICLE 7

SAFETY AND SECURITY

[Describes certain safety and security practices relating to the Airport.]

Section No.	Title
	Part 7.0 - Airport Security
7.01	**[Reserved]**
	Part 7.1 - Emergency Services
7.10	Emergency Service Workers
	[Reserved (7.20-7.99)]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 7 - SAFETY AND SECURITY
PART 7.1 - EMERGENCY SERVICES
SECTION 7.10 - EMERGENCY SERVICE WORKERS

PURPOSE: To establish a policy describing the participation in disaster service activities by employees of the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) This policy describes the duties and responsibilities of the Authority's employees in their designation as disaster service workers under California Government Code Sections 3100 to 3109.

(2) For purposes of this policy, "disaster" or "emergency" means the actual or threatened existence of conditions such as any hurricane, tornado, storm, high water, earthquake, landslide, mudslide, snowstorm, drought, fire, explosion, civil disturbance, other catastrophe or threat that causes or may cause substantial damage or injury to persons or property within the Authority's area of jurisdiction.

(3) In the event of a disaster or emergency, the Authority's employees are instructed to report as follows:

(a) During normal working hours, employees identified in their departmental or the Authority's emergency response plans that may be in effect from time to time should report to their assigned areas. Unless specified by their departmental or the Authority's emergency response plans or by their supervisor, all other employees shall remain at their jobs; and

(b) Outside normal working hours, employees identified in their departmental or the Authority's emergency response plans should secure their family's safety before reporting to their assigned areas. All other employees shall report to work at the beginning of their next regular shift unless notified otherwise.

(4) The Authority may adopt such other disaster service guidelines as may be required under applicable federal, state and local laws.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

TABLE OF CONTENTS
FOR
POLICIES

ARTICLE 8

GENERAL OPERATIONS

[Addresses the general operations and practices relating to the facilities and airports under the Authority's jurisdiction.]

Section No.	Title
	Part 8.0 – Aircraft
8.01	**[Reserved]**
	Part 8.1 - Landside Operations
8.10	Facilities Compliance for the Disabled
	Part 8.2 - Authority Facilities
8.20	Functions Sponsored by the San Diego County Regional Airport Authority
8.21	Surplus Materials and Equipment
8.22	Control of Master Key System
8.23	Regulation of Solicitation and Expressive Activities
8.24	Lost and Found Property
	Part 8.3 – Strategy and Planning
8.30	Airport Land Use Commission
8.31	Sustainability
	Part 8.4 - Media Policy
8.40	Establishment of Media Policy
	Part 8.5 - Artwork and Donated Goods
8.50	Policy For The Airport Authority Art Program
	Part 8.6 - Documents and Records
8.60	Records Retention
8.61	Document Reproduction for the Public
8.62	Notary Services Provided by Employees
8.63	Privacy of Personal Information

ARTICLE 8

GENERAL OPERATIONS

[Addresses the general operations and practices relating to the facilities and airports under the Authority's jurisdiction.]

Section No.	Title
	Part 8.7 - Information Technology
8.70	**[Reserved]**
	Part 8.8 – Insurance
8.80	**[Reserved]**
	Part 8.9 - Environmental Compliance (8.90-8.99)
8.90	General
8.91	Water Conservation
	[Reserved (8.92-8.99)]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.1 - LANDSIDE OPERATIONS
SECTION 8.10 - FACILITIES COMPLIANCE FOR THE DISABLED

PURPOSE: To establish a policy relating to the compliance by the San Diego County Regional Airport Authority (the "**Authority**") with applicable federal, state and local laws relating to the mentally or physically disabled.

POLICY STATEMENT:

(1) The Authority is committed to ensure that the facilities and airports under its jurisdiction, including the San Diego International Airport, operate in a manner that complies with all federal, state and local laws relating to the mentally or physically disabled.

(2) The Authority's Board of Directors (the "**Board**") may adopt, from time to time, policies and codes that address the Authority's compliance with federal, state and local laws relating to the mentally or physically disabled.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.2 - AUTHORITY FACILITIES
SECTION 8.20 - FUNCTIONS SPONSORED BY THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

PURPOSE: To establish a policy governing the sponsorship and conduct of functions by the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) No event or function shall be sponsored or co-sponsored by the Authority without the prior approval of the Authority's Executive Director or his or her designee.

(2) The Authority's sponsorship or co-sponsorship of events and functions shall comply with the Authority's other policies and codes and applicable federal, state and local laws, including, without limitation, the rules and regulations promulgated by the Federal Aviation Administration.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.2 - AUTHORITY FACILITIES
SECTION 8.21 - SURPLUS MATERIALS AND EQUIPMENT

PURPOSE: To establish a policy on the disposition of surplus materials and/or equipment by the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) General Policy for Disposition of Surplus Materials and Equipment:

(a) A list of materials and equipment, determined to be surplus to the needs of the Authority by the Authority's President/CEO or his or her designee (the "**President/CEO**"), together with a statement as to the reasons such materials and equipment are no longer needed, shall be submitted to the Authority's Board of Directors (the "**Board**") at least once each fiscal year.

(b) The Board may authorize the President/CEO, by resolution, to advertise and carry out the sale of surplus materials and equipment for the best price obtainable by the Authority.

(c) When an item cannot be sold, the President/CEO may authorize the disposal of such items by junking and depositing it in the sanitary fill or by any other suitable means available with a minimum cost to the Authority.

(d) The President/CEO is authorized to sell or dispose of scrap metals and used fuel oils at his or her discretion. Such sales shall periodically be reported to the Board.

(2) Alternative Policy for Disposition of Obsolete and Surplus Computers and Related Equipment. When the President/CEO determines that Authority-owned computer equipment is both obsolete and surplus to the needs of the Authority, the President/CEO may dispose of such equipment in the following manner:

(a) Donation to Certain Charitable Organizations. The President/CEO may, on behalf of the San Diego International Airport ("Airport"), donate such computer equipment to a San Diego County-based organization that is exempt from taxation pursuant to 26 U.S.C. Sec. 501(c)(3) and that uses such computer equipment for the care, teaching, or training of children and/or disadvantaged adults. Each such donation shall be subject to the following conditions:

[1] No single donated item has a fair market value exceeding Fifty Dollars ($50); and

[2] The receiving organization takes appropriate action to publicly recognize the Airport's donations in a manner that increases the public's awareness of the Authority and acceptance of the Airport; and

[3] Following each donation, the President/CEO provides the Board with a written report of each donation with a list of the donated computer equipment at the regularly scheduled Board meeting following the donation.

(b) Sale to Authority Personnel. If the President/CEO determines that it is advantageous to the Authority to provide Authority personnel the opportunity to purchase surplus and obsolete computers and related equipment, the President/CEO may authorize such sales subject to the following conditions:

[1] The sale of each computer or computer with monitor shall be at a price that at least equals the fair-market value of the equipment as reasonably determined.

[2] The opportunity to purchase surplus and obsolete computers and associated equipment shall be available on a fair and equitable basis to all Authority personnel.

[3] Prior to receipt of a purchased computer, each purchaser shall sign a statement certifying that: (1) the computer will be used solely for the purchaser's personal use; (2) the computer will not be used for business purposes and will not be resold; and (3) the purchaser will dispose of the purchased computer and/or related equipment through a state certified electronic waste recycling center or electronic waste collection point.

[4] Documentation of the means by which and whom the fair-market value of each sold computer or computer equipment was determined, the purchase price, the purchaser, and the purchaser's certification shall be maintained for a minimum of three years.

(c) The Office of the Chief Auditor shall audit the procedures by which computers and computer-related equipment are donated to charitable organizations and/or sold to Authority personnel pursuant to this Policy at least every other year.

[Amended by Resolution No. 2010-0132 dated December 2, 2010.]
[Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.2 - AUTHORITY FACILITIES
SECTION 8.22 - CONTROL OF MASTER KEY SYSTEM

PURPOSE: To establish guidelines for the administration and control of the master key system for the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) The Authority's Director of Security or such other individual selected by the Authority's Executive Director (the "**Authorized Director**") shall control the issuance of appropriate keys for the facilities and airports under the Authority's jurisdiction, and hold in his or her possession grand master, submaster and individual change keys for such facilities and airports.

(2) The Authorized Director shall have the following additional responsibilities:

(a) Immediately upon learning of a lost, missing or misplaced key, reports the date, time and circumstances of such event;

(b) Maintains control of keys that are furnished to tenants within his or her control and the contact person to whom such keys are issued;

(c) Ensures that keys are returned upon the termination of an occupancy or the termination of contract employees who are issued keys;

(d) Initiates work orders to have keys made, receives keys from shops, issues key to authorized persons and obtains signatures on key custody cards ("**Key Custody Cards**");

(e) Maintains a master file of Key Custody Cards;

(f) Upon termination of an employee, ensures that such employee's keys are returned and the pertinent card files are destroyed prior to release of such employee's termination pay; and

(g) Upon receipt of a report of lost, missing or misplaced keys, requests appropriate police personnel to conduct an investigation.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.2 - AUTHORITY FACILITIES
SECTION 8.23 - REGULATION OF SOLICITATION AND EXPRESSIVE ACTIVITIES

PURPOSE: To formulate a policy statement of the Board of Directors of the San Diego County Regional Airport Authority (the "**Authority**") to address the regulation of solicitation and expressive activities on the facilities and airports under the jurisdiction of the Authority.

POLICY STATEMENT:

The Authority's Executive Director may adopt from time to time guidelines that address the location and the manner in which solicitation and expressive activities may be conducted on the facilities and the airports under the jurisdiction of the Authority.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.2 - AUTHORITY FACILITIES
SECTION 8.24 - LOST AND FOUND PROPERTY

PURPOSE: To establish the policy for the receipt, custody, care, restitution, and disposal of lost items of personal property found at the Airports operated by the San Diego County Regional Airport Authority.

DEFINITIONS:

(1) "Airport" or "Airports" shall mean Airports operated by the Authority, including the San Diego International Airport.

(2) "Authority" shall mean the San Diego County Regional Airport Authority.

(3) "Custodian" shall mean the employee or agent of the Authority that is on-duty at a Facility.

(4) "Facility" shall mean a lost and found facility operated by the Authority and located at an airport or facility operated by the Authority.

POLICY STATEMENT:

(1) It shall be the Authority's policy to exert reasonable best efforts to return all lost property that is received by a Facility to the item's rightful owner and to maintain complete, accurate, and current records of the receipt, restitution and/or disposal of all lost property received by the Facility.

(2) The President/CEO shall take appropriate and necessary actions required to implement the provisions of this policy.

(3) Receipt of Lost Items at the Facility. The Facility shall not receive or take custody of personal property, including baggage, lost onboard aircraft, in for-hire vehicles such as door-to-door shuttles and taxis, in public busses, or in rental cars. Except for the below-listed excluded items, the Facility shall receive and take custody of all items of personal property found inside Airport terminals, Airport curbside areas, Airport parking areas operated by the Authority, and Airport-operated shuttle buses when turned in to the Facility.

(a) Excluded Items. The Facility shall not accept custody of items that are classified in the following categories:

[1] Contraband.

[2] Animals. Lost animals shall be turned over to San Diego County Animal Control. The Custodian shall not take custody of a found animal, but may provide reasonable humanitarian assistance until the arrival of the San Diego County Animal Control Officer.

[3] Perishable Items. Perishable items, including foodstuffs shall be properly disposed of by the Custodian.

[4] Leaking Containers. Items evidencing leakage of materials contained inside shall be disposed of by the Custodian.

[5] Hazardous Materials. Items that present a hazard to personnel or property shall be immediately turned over to the appropriate law enforcement agency.

[6] Firearms and/or Ammunition. Any firearm or ammunition shall be immediately turned over to the appropriate law enforcement agency.

[7] Money Recovered at Security Checkpoints. Money recovered at a Transportation Security Administration checkpoint shall be retained by the Transportation Security Administration pursuant to 49 U.S.C. §44945 or applicable succeeding statute.

(b) Procedures.

[1] Procedures for Facility's Receipt of Found Articles:

[a] General Procedures. On receipt of each found article, the Custodian shall provide the individual turning in the found article with a numbered receipt stating the date and time the article was received by the Custodian, a description of the article, a good-faith estimate of the value of the article, the identity of the individual turning in the article, the time and location at which the article was found and the identity of the finder if known. Each receipt shall be signed by the Custodian and a copy of each receipt retained by the Facility.

[b] Procedures for Receipt of Money. For each instance in which found money or found articles containing money are turned in to the Facility, the Custodian shall include on the receipt the total amount received and the inventory of the money by denomination. For articles containing money, the Custodian shall remove the money and place a copy of the receipt securely within the article.

[2] Procedures for Custody and Storage of Received Articles:

[a] General. All articles turned into the Facility shall be securely stored commensurate with the value of the article and a running inventory shall be maintained. All unclaimed articles shall be held by the Facility for a minimum of three months.

[b] Money. All money received by the Facility shall be turned over to the Authority's Treasurer with a copy of the issued receipt(s) not later than the close of each working day. The Treasurer shall maintain a separate accounting of all monies received from the Facility.

[3] Restitution of Claimed Articles:

[a] Identification of Owner. The Custodian shall take all reasonable actions available to determine the identity of the owner of each article received by the Facility. Where the identity of the owner may be determined, the Custodian shall take all reasonable actions, including phone calls and written notification, to notify the owner that the article is being held by the Facility, and the procedure for claiming the article. For articles other than money, the notification shall advise that articles unclaimed after three months may be disposed of by the Authority at its sole discretion. For money, the notification shall advise that money will become the property of the Authority if unclaimed after three years.

[b] Restitution of Articles Other Than Money. All requests for return of lost articles other than money shall be processed through the Facility. When an individual requests the return of an article and presents evidence reasonably confirming the requestor's ownership of the article, the Custodian shall provide the owner with the article after the requestor signs an appropriate receipt. The receipt shall identify requestor's name and contact information, and describe the article and the evidence provided to confirm ownership.

[c] Restitution of Money. An individual may timely file a claim for lost money with the Authority's Treasurer. Such claim shall include the claimant's name and address, the amount of the claim, the grounds on which the claim is based and other information as may be required by the Treasurer. The Treasurer shall accept or reject the claim. If the Treasurer rejects the claim, the claimant may file a verified compliant pursuant to Calif. Gov. Code §50052.

[4] Disposal of Unclaimed Articles:

[a] Articles Other Than Money. The Authority may dispose of unclaimed articles that have been held in the Facility for at least three months by:

[i] Public Auction. The Authority may conduct a public auction of unclaimed items. The Authority shall provide notice of the public auction at least five days prior to the auction by publication in a newspaper of general circulation published in San Diego County. After each auction, the Authority may destroy or otherwise dispose of any unsold articles.

[ii] Public Use. On written determination by the President/CEO or the designee of the President/CEO, that an unclaimed article is needed for public use, the Authority may retain such article for such use.

[b] Money. After unclaimed money that has been in the custody of the Authority's Treasurer for three years, the Treasurer shall cause a notice to be published once a week for two consecutive weeks in a newspaper of general circulation within San Diego County. The notice shall state the amount of money, the account in which it is held, and that the money shall become the property of the Authority on a designated date not less than forty-five days nor more than sixty days after the first publication of the notice. If no valid claim for the money or verified complaint is filed prior to the designated date, the money shall become the property of the Authority on the designated date. If a verified complaint is filed prior to the designated date, the Treasurer shall hold the unclaimed money until the court has rendered its decision on the complaint.

(4) Audit. The Office of the Chief Auditor shall audit the operation of the Facility for compliance with this policy, and the adequacy of the inventory and accounting methods employed to inventory and track lost property received by the Facility. Such audits shall take place not less than every two years.

[Adopted by Resolution No. 2010-0055 dated May 6, 2010.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.3 - STRATEGY AND PLANNING
SECTION 8.30 - AIRPORT LAND USE COMMISSION

PURPOSE: To implement the legislative directive for the Authority to: (i) coordinate the airport planning of public agencies within the County of San Diego, California (the "**County**"); and (ii) prepare, adopt, and update an "Airport Land Use Compatibility Plan" (as more fully defined in Appendix A, "**ALUCP**") for each public-use and military airport in the County by engaging in a public collaborative planning process.

POLICY STATEMENT:

(1) General Provisions.

(a) Defined Terms. All capitalized terms not otherwise defined in the body of this policy shall have the corresponding meanings set forth in Appendix A.

(b) Authority. The San Diego County Regional Airport Authority (the "**Authority**"), is acting in its capacity as the Airport Land Use Commission ("**ALUC**") for the County, as provided by §21670.3 of the California Public Utilities Code ("**P.U.C.**"). The Authority has adopted this policy in recognition of its governmental obligations under the laws of the State of California, which designate the Authority as the proper Local Agency in the County to protect public health, safety and welfare by ensuring the orderly expansion 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 consistent with P.U.C. §21670.3.

(c) Powers and Duties. The Authority has the following powers and duties, subject to the limitations upon its jurisdiction as set forth in P.U.C. §21676:

(i) To assist Local Agencies in ensuring compatible land uses in the vicinity of all new Airports and in the vicinity of existing Airports to the extent that the land in the vicinity of those Airports is not already devoted to incompatible uses;

(ii) To coordinate planning at the state, regional and local levels, so as to provide for the orderly development of air transportation, while at the same time protecting the public health, safety and welfare;

(iii) To prepare and adopt an ALUCP for each airport in the County, pursuant to the requirements of P.U.C. §21670.3 and §21675. Any ALUCP developed pursuant to §21675 and adopted pursuant to §21675.1 by the San Diego Association of Governments shall remain in effect until the Authority adopts a new ALUCP for the respective airport; and

(iv) To review the plans, regulations and other actions of Local Agencies and Airport Operators pursuant to the requirements of P.U.C. §21670.3 and §21676.

(d) Conflicts of Interest. Any member of the Authority's Board (the "**Board**") shall temporarily disqualify himself or herself from participating in the review or adoption of a proposal or ALUCP, if there is a conflict of interest pursuant to P.U.C. §21672, other applicable state law, and/or a violation or potential violation of the Authority's Conflicts of Interest Code.

(e) Schedule of Fees. The Authority may establish a schedule of fees necessary to comply with Article 3.5 of Division 9 of the P.U.C. Those fees shall be charged to the proponents of actions, regulations or permits and shall not exceed the estimated reasonable cost of providing the service. The fees shall be imposed pursuant to Gov. Code §66016. The Authority may not charge fees for actions in connection with any Airport that does not have an adopted ALUCP.

(f) Amendments, Termination or Suspension. This policy may be amended, terminated or suspended only by official and duly noticed action of the Board. The Board may, in its sole and exclusive exercise of its full legislative discretion, amend, terminate, or suspend this policy at any time.

(g) Partial Invalidity. In the event that any court of competent jurisdiction determines that any portion or provision of this policy is invalid, illegal or unenforceable, or temporarily enjoins enforcement or application of any portion or provision of this policy, all other provisions of this policy shall remain enforceable and in effect unless and until revoked, suspended or modified by the Authority.

(h) No Waiver or Creation of Implied Policy of Enforcement. Neither any (i) failure of the Authority to take any act or action in strict enforcement of this policy, inadvertent or otherwise, nor (ii) affirmative waiver of enforcement of this policy by the Authority in a specific instance after consideration of special requests or circumstances, shall be deemed to constitute the establishment of any express or implied policy of the Authority in the enforcement or non-enforcement of this policy, and shall not be relied upon by any person in making any determination, or taking any action, in violation of any provision of this policy.

(2) Airport Land Use Compatibility Plan.

(a) Purpose of Airport Land Use Compatibility Plan. The ALUCP is the fundamental tool used by the Authority in fulfilling its purpose of promoting Airport land use compatibility. Specifically, compatibility plans have two purposes: (i) to provide for the orderly growth of each Airport and the area surrounding each Airport within the jurisdiction of the Authority; and (ii) to safeguard the general welfare of the inhabitants within the vicinity of each Airport within the jurisdiction of the Authority and the public in general.

(b) Preparation of Airport Land Use Compatibility Plan. The Authority shall be responsible for the preparation of an ALUCP for each Airport within the County. The ALUCP shall provide for the orderly growth of each Airport and the area surrounding each Airport within the Authority's jurisdiction, and shall provide policies to safeguard the general welfare of the inhabitants within the vicinity of each Airport and the public in general, as required by P.U.C. §21675. The ALUCP that is adopted by the Authority shall include and shall be based on a long-range Master Plan or an Airport Layout Plan, where available, that reflects the anticipated growth of such Airport during at least the next twenty (20) years. In preparing an ALUCP, the Authority may develop height restrictions on buildings, specify use of land and determine building standards, including soundproofing adjacent to Airports within the planning area. The ALUCP also may identify where additions or changes to local jurisdictions' general and specific plans will be necessary. The ALUCP also should include a clear statement of compatibility criteria and Authority review procedures.

The Authority shall also include within the ALUCP the area within the jurisdiction of the Authority surrounding any military Airport for all of the purposes identified above. The ALUCP provisions shall be consistent with the safety and noise standards in the Air Installation Compatible Use Zone ("**AICUZ**") prepared for that military Airport. The Authority does not have, however, any jurisdiction or authority over the territory or operations of any military Airport.

The Authority shall submit to the Division of Aeronautics of the California Department of Transportation one (1) copy of the ALUCP and each amendment to the ALUCP.

(c) Amendments to Airport Land Use Compatibility Plan. The ALUCP shall be reviewed as often as necessary in order to accomplish its purposes, but shall not be amended more than once in any calendar year. For an ALUCP that pertains to more than one Airport in the County, this limitation allows separate amendments for the portion dealing with each individual Airport. Any policies applicable to all Airports in the Authority's jurisdiction shall be amended only once during a calendar year. Coordination with local jurisdictions shall be conducted prior to the approval of any ALUCP amendments.

A periodic review of the ALUCP shall be conducted in order to keep the ALUCP up to date with changes in state laws, local land uses, Airport development and activity, and current concepts for achieving noise and safety compatibility.

(d) Adoption of Airport Land Use Compatibility Plan and Amendments. The ALUCP and any amendments shall be approved and adopted by the Authority, and shall constitute the Authority's recommendation to the Local Agency for compatible land uses within the Airport Influence Area. Prior to adopting each ALUCP or amendment, the Authority shall engage in a public collaborative planning process and hold a public hearing consistent with this policy. [P.U.C. §21670.3(b)]

(3) Authority Review of Local Actions.

(a) Overview. One of the fundamental responsibilities of the Authority is the review of Local Agencies' land use plans, Airport plans and certain other land use projects and actions for compliance with the criteria and policies set forth in the applicable ALUCP. The process that the Authority shall follow for this review process depends upon the following three (3) factors: (i) the type of local action involved; (ii) whether a compatibility plan exists for the Airport; and (iii) what action the Local Agency has taken with regard to making its general plan consistent with the Authority's ALUCP.

(b) Authority Review Requirements. Local Agencies must refer certain actions to the Authority for review. Referral of other local actions, primarily individual development projects, is required in some instances, but voluntary in others.

(i) Actions For Which Authority Review Is Mandatory.

(A) General Plans and Specific Plans. Any proposal by a Local Agency to adopt a general plan or specific plan shall be referred to the Authority for review, if the boundaries of the plan are within the Airport Influence Area of an Airport, irrespective of whether an ALUCP has been adopted for the Airport. If an ALUCP has not been adopted, then the Airport Influence Area is defined to mean the study area for such plan or the land within two (2) miles of the Airport boundary pursuant to P.U.C. §21675.1(b). Amendments to such plans also shall be referred to the Authority, if the change affects locations within an Airport Influence Area. In such instances, referral shall take place prior to the Local Agency's action to adopt or amend the plan consistent with the requirements of P.U.C. §21676(b).

The requirement for submittal of general plans and specific plans exists regardless of whether a proposal is initiated by the Local Agency to adopt or amend a general or specific plan or whether a proposal is initiated based upon the requirement for the Local Agency's plans to be reviewed for consistency with an ALUCP that is newly adopted or amended by the Authority. California Gov. Code §65302.3 requires Local Agencies to either amend their general plans and any affected specific plan to be consistent with the Authority's ALUCP within one-hundred eighty (180) days of when the Authority adopted or amended its ALUCP, or take the steps necessary to overrule the Authority.

(B) Ordinances and Regulations. Authority review of Local Agency proposals to adopt or amend Zoning, building, and other land use ordinances and regulations shall be required in instances where those ordinances and regulations have implications for Airport land use noise or safety compatibility pursuant to the requirements of P.U.C. §21676(b).

(C) Airport Plans. The Authority shall require a mandatory review of Airport Master Plans, construction plans for new Airports and Airport expansion plans (including the construction of a new runway, the extension or realignment of an existing runway and the acquisition of Runway Protection Zones or any interest in land for purposes of safety) for consistency with the adopted ALUCP for that Airport pursuant to the requirements of P.U.C. §21676(c), §21661.5 and §21664.5, respectively.

(ii) Other Actions Subject to Authority Review.

(A) Individual Land Use Development Projects. The Authority shall require a mandatory review of all actions, regulations and permits involving the vicinity of an Airport within the Authority's jurisdiction under the following circumstances: (i) prior to the Authority adoption of an ALUCP for an Airport; and (ii) when a Local Agency has neither revised its general plan or specific plan to be consistent with the Authority's ALUCP nor overruled the Authority with regard to the ALUCP pursuant to the requirements of P.U.C. §21675.1(b) and §21676.5(a).

The Authority requests that, even when the Authority has adopted an ALUCP for an Airport and the Local Agency has revised its general plan or specific plan to be consistent with the Authority's ALUCP, the Local Agency continue to submit major land use actions for review, including, but not limited to, large developments where site design and other factors, such as building height, have potential compatibility implications, even when the overall development may be acceptable. The Authority's project review on these types of non-mandatory project submittals shall be advisory in nature.

(B) Ministerial Permits. Ministerial permits which have implications for airport land use compatibility factors shall be subject to Authority review in the same manner as discretionary projects.

(C) CEQA Documents. The Authority is not a Responsible Agency for the purposes of the California Environmental Quality Act ("**CEQA**") and therefore is not legally required to respond to a CEQA document. The Authority's sole responsibility is to make a compatibility determination regarding the project that is the subject of the Environmental Documentation. However, the Authority has the right and authority to provide comments to the Lead Agency to help ensure the highest level of compatibility.

(c) Information Required for Project Reviews. Requests by Local Agencies to the Authority for project review shall be submitted in writing. Requests shall state fully and fairly the reason for the referral and shall include the names, addresses and telephone numbers of all applicants, project location and assessor's parcel number, a detailed project description, site plans, maps, heights of buildings, any Environmental Documentation and any other material necessary to fully understand the matter for which a project review is being requested. Applicants must include this information on the form entitled "Application for ALUC Determination of Consistency," available at the Authority's offices. The Authority reserves its right to request additional information and documents regarding any project submittal.

In addition to the material required to be submitted, the Authority may require the submittal to include the appropriate fees associated with the request for project review. These fees shall not exceed the estimated cost of providing service and shall be consistent with any Schedule of Fees established by the Authority pursuant to this policy.

(d) Determination Requirements. The Authority shall respond to a Local Agency with respect to a mandatory project submittal within sixty (60) days of referral pursuant to the requirements of P.U.C. §21675.2(a) and §21676(d). This response period does not begin until such time as all information necessary for accomplishment of the project review has been submitted to the Authority and the Authority has deemed the application complete.

(e) Authority Project Review and Determination Process. The Authority shall review applications for compliance with the criteria and policies set forth in the applicable ALUCP. The Authority may consider its own interpretive guidelines and past precedents. After review, the Authority's staff shall place the matter on the Board's agenda for the earliest possible Board meeting if the project does not qualify for staff review. The Authority's staff shall determine if the application can be put on the consent or administrative calendar or whether it must receive a public hearing. The application may be placed on the consent or administrative calendar if the Authority's staff determines that the project application is conditionally consistent with the applicable ALUCP. Such an application may be removed from the consent or administrative calendar at the request of any interested party, member of the public or Board member. In such event, the application shall be heard at the same Board meeting or may be continued at a subsequent Board meeting by a vote of the Board. The application shall receive a public hearing prior to any determination by the Authority that the project application is inconsistent with the applicable ALUCP and notice of the public hearing shall be provided to the referring agency.

The Authority may determine that a project application is inconsistent with the criteria and policies of the applicable ALUCP by taking the following steps: (i) the holding of a public hearing; and (ii) the making of specific factual findings that the action proposed is inconsistent with the criteria and policies of the applicable ALUCP. If the Authority makes a finding that the project application is inconsistent with the applicable ALUCP, the referring agency shall be notified.

(f) Authorization for Staff Review. The Authority's President/Chief Executive Officer or his or her designee (the "President/CEO") is authorized to determine the consistency of proposed actions referred to the Authority by Local Agencies in the following circumstances:

(i) where the proposed actions are determined to be consistent with the ALUCP; or (ii) where the Local Agency submittal was voluntary. Staff review and consistency determinations shall be made consistent with the determination deadlines specified in this policy. Any determination of consistency made pursuant to this section shall be placed on the information calendar on the Board's agenda for the earliest possible meeting.

(g) Reconsideration Criteria for Determinations of Consistency. An applicant may request that the Authority reconsider its previous action on an application. The request for reconsideration shall be made within thirty (30) days of the decision on the application. The applicant must show that there is relevant new evidence which could not have reasonably been presented at the original hearing or that an error of fact or law occurred. Only the applicant and persons who participated in the original proceedings are eligible to testify. If the Board grants reconsideration, then the matter shall be scheduled for a public hearing as if it were a new application.

(h) Applicant's Rights and Responsibilities after the Authority's Consistency Determination has been Made. If the Authority determines that a proposed action is inconsistent with an applicable ALUCP, then a Local Agency may overrule the Authority's determination by taking the following mandatory steps: (i) the holding of a public hearing; (ii) the making of specific Findings that the action proposed is consistent with the purposes of The State Aeronautics Act; and (iii) the approval of the proposed action by a two-thirds vote of the agency's governing body.

If a Local Agency decides to overrule an Authority determination, then the following apply: (a) the Local Agency's approval of a plan, ordinance or project takes effect as if the Authority had approved the project or found it consistent with the ALUCP; (b) if a Local Agency adopts or amends a general plan or specific plan for the Airport area by overruling the Authority, then subsequent Authority review of individual development projects related to that overruling become voluntary consistent with P.U.C. §21676.5(b); and (c) if the Local Agency overrules the Authority's consistency determination on any project subject to mandatory review by the Commission, then the Authority shall be immune from liability for damages to property or personal injury caused by or resulting directly or indirectly from the public agency's decision to override the Authority's action or recommendation pursuant to P.U.C. §21678 and §21675.1(f).

(i) Authority's Rights and Responsibilities if the Local Agency Overrules the Authority's Consistency Determination. If a Local Agency overrules the Authority's consistency determination, then the Local Agency shall provide notification to the Authority of the proposed overruling, providing the specific Findings for their review and comment, thirty (30) days prior to the final hearing and decision on whether to overrule the Authority. The Local Agency shall include comments from the Authority in the public record of any final decision to overrule the Authority.

(4) Administrative Provisions.

(a) Public Hearings. Public hearings shall be held in accordance with the procedures identified for public hearings for the Authority.

(b) Authority Information Requests. In addition to all other authority granted to the President/CEO, the President/CEO shall have the authority to provide any information, reports, applications or other related documents, in whatever form or format that the President/CEO may determine useful in the implementation or enforcement of the provisions of this policy.

(c) Notices.

(i) Local Agency Person(s) to Receive Notices. Each Local Agency representative who makes application for consistency determination review shall receive notices regarding action taken under the authority of this policy.

(ii) Delivery of Authority Notices. Whenever the Authority provides written notice under this policy, the notice shall be sent by electronic or first class mail, or by a next-day package delivery service.

(iii) Effective Date of Notices Delivered by the Authority. Whenever the Authority gives written notice under or concerning this policy by electronic mail or next-day package delivery service, the notice shall be deemed to have been received on the day it was sent by electronic mail, or, if given only by next-day package delivery service, on the day following the day on which the notice was delivered or given to a next-day package service for delivery. If the Authority gives notice only by depositing a copy of the notice in first class mails, the notice shall be deemed to have been received three (3) days after the date on which it was deposited in the United States mail.

(iv) Effective Date of Notices or Requests. Whenever this policy requires any person to file or submit any notice or document to the Authority, that notice or document shall be deemed to have been delivered on the first working day when it is actually received by the Authority.

(d) Modification of Forms or Guidelines.

(i) Authority. The President/CEO may prepare, modify or augment any form required to be filed under this policy, may require the filing of additional forms or information not otherwise referenced in this policy, or may prepare, modify or augment any Authority consistency review guidelines or other administrative guidelines without Board action, if the President/CEO reasonably determines that the action would facilitate the implementation and enforcement of this policy, or any other Authority ordinances, rules, regulations or policies.

(ii) Notices. When the President/CEO exercises his or her authority under subsection (i) above, the President/CEO promptly shall give notice to all Local Agencies and other interested parties who are required or permitted to use those forms, information or guidelines, and the President/CEO shall specify the date upon which use of the new or modified forms, information or guidelines is required.

APPENDIX A

DEFINITIONS

"**Airport**" means any area of land or water that is used, or intended for use, for the landing and take-off of aircraft. Included are any appurtenant areas that are used, or intended for use, for Airport buildings or any other Airport facilities or right-of-way, and all Airport buildings and facilities located thereon. Public-Use Airports and Airstrips shall be considered Airports for purposes of this policy.

"**Airport Influence Area**" means a planning area designated by the Authority around each Public-Use Airport which is, or reasonably may become, affected by Airport operations including, but not limited to noise, fumes, or other influence, or which is, or reasonably may become, a site for a hazard to aerial navigation. If an ALUCP has not been adopted, then the Airport Influence Area means the land within two (2) miles of the Airport boundary. See California Public Utilities Code §21675.1(b).

"**Airport Layout Plan (ALP)**" means a scale drawing of existing and proposed Airport facilities, their location on an Airport, and the pertinent clearance and dimensional information required to demonstrate conformance with applicable standards.

"**Airport Master Plan (AMP)**" means a long-range plan for development of an Airport, including descriptions of the data and analyses on which the plan is based.

"**Airport Operator**" means any person or entity having the authority and responsibility for the establishment and operation of an Airport.

"**California Environmental Quality Act**" or "**CEQA**" means the statutes adopted by the state legislature for the purpose of maintaining a quality environment for the people of the state now and in the future. CEQA establishes a process for state agency and Local Agency review of projects, as defined in the implementing guidelines, which may adversely affect the environment. See California Public Resources Code §21000, et. seq.

"**Airport Land Use Compatibility Plan**" or "**ALUCP**" means the compatibility plan that presents the areas currently impacted or likely to be impacted by noise levels and flight activities associated with aircraft operations of one or more Airports. An ALUCP usually presents in narrative and graphic form the noise, safety and other criteria that will enable Local Agencies to compatibly plan and develop the land within the Airport Influence Area.

"**Draft EIR**" means an EIR containing the information specified in §15122 through §15131 in the CEQA Guidelines.

"**Environmental Documentation**" means Initial Studies, Negative Declarations, draft and final EIRs, documents prepared as substitutes for EIRs and Negative Declarations under a program certified pursuant to California Public Resources Code §21080.5, and documents prepared under the National Environmental Policy Act ("NEPA") and used by a state agency or Local Agency in the place of Initial Study, Negative Declaration, or an EIR.

"**Environmental Impact Report**" or "**EIR**" means a detailed statement prepared under CEQA describing and analyzing the significant environmental effects of a project and discussing ways to mitigate or avoid the effects. The term EIR may mean either a Draft EIR or a Final EIR depending on the context.

"**Environmental Impact Statement**" or "**EIS**" means an impact document prepared pursuant to the NEPA. NEPA uses the term EIS in the place of the term EIR, which is used in CEQA.

"**Final EIR**" means an EIR containing the information contained in the draft EIR, comments either verbatim or in summary received in the review process, a list of persons commenting, and the response of the Lead Agency to the comments received.

"**Findings**" means the legally relevant sub-conclusions which expose a government agency's mode of analysis of facts, regulations and policies, and which bridge the analytical gap between raw data and ultimate decision.

"**Initial Study**" means a preliminary analysis prepared by the Lead Agency to determine whether an EIR or a Negative Declaration must be prepared or to identify the significant environmental effects to be analyzed in an EIR.

"**Lead Agency**" means the public agency, which has the principal responsibility for carrying out or approving a project. The Lead Agency will decide whether an EIR or Negative Declaration will be required for the project and will cause the document to be prepared.

"**Local Agency**" means any public agency, including, but not limited to, cities, counties, charter cities and counties, districts, school districts, special districts, redevelopment agencies, local agency formation commissions, and any board, commission or organizational subdivision of a Local Agency when so designated by order or resolution of the governing legislative body of the Local Agency.

"**Negative Declaration**" means a written statement by the Lead Agency briefly describing the reasons that a proposed project, not exempt from CEQA, will not have a significant effect on the environment and, therefore, does not require the preparation of an EIR.

"**Public Agency**" means any state agency, board, or commission and any local or regional agency, as defined in the CEQA Guidelines. It does not include the courts of the state. This term does not include agencies of the federal government.

"**Public-Use Airport**" means a publicly or privately owned Airport that offers the use of its facilities to the public without prior notice or special invitation or clearance and that has been issued a California Airport Permit by the Aeronautics Program of the California Department of Transportation.

"**Responsible Agency**" means a public agency, which proposes to carry out or approve a project, for which a Lead Agency is preparing or has prepared an EIR or Negative Declaration. For the purpose of CEQA, the term Responsible Agency includes all public agencies other than the Lead Agency, which have discretionary approval power over the project.

"**Runway Protection Zone (RPZ)**" means an area (formerly called a clear zone) off the end of a runway used to enhance the protection of people and property on the ground.

"**The State Aeronautics Act**" means The State Aeronautics Act, California Public Utilities Code §21670, et seq.

"**Zoning**" means a police power measure, enacted primarily by units of local government, in which the community is divided into districts or zones within which permitted and special uses are established, as are regulations governing lot size, building bulk, placement and other development standards. Requirements vary from district to district, but they must be uniform within districts. A zoning ordinance consists of two parts - the text and a map.

[Amended by Resolution No. 2012-0106 dated October 4, 2012.]
[Amended by Resolution No. 2008-0029 dated March 6, 2008.]
[Amended by Resolution No. 2005-0027 dated March 7, 2005.]
[Amended by Resolution No. 03-075 dated November 10, 2003.]
[Adopted by Resolution No. 03-020R dated April 3, 2003.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.3 - STRATEGY AND PLANNING
SECTION 8.31 - SUSTAINABILITY

PURPOSE: To establish a formal policy statement of the Board of Directors (the "**Board**") of the San Diego County Regional Airport Authority (the "**Authority**") formalizing commitment to a sustainable future for the airport, the Authority and the region.

POLICY STATEMENT:

Sustainability has emerged as a global environmental theme and a major business imperative for the 21st century, dramatically influencing regional thinking and policy making. It is essential for the Authority to become a known benchmark and respected role model for best sustainable practices in the San Diego region and the aviation industry. Sustainability is consistent with and vigorously reinforces the Authority's Mission Statement: *to operate San Diego's air transportation gateways in a manner that promotes the region's prosperity and protects its quality of life.*

The Board recognizes the need for the Authority to be a sustainable organization and endorses the four sustainability elements of Economic Viability (E), Operational Excellence (O), Natural Resource Conservation (N), and Social Responsibility (S) (EONS) to guide and implement the Authority's sustainable practices. These four elements have been put forth within the aviation industry as the core precepts for a holistic approach to airport sustainability. Incorporating the EONS elements into the Authority's business practices, policies and programs will ensure sustainability is fully deployed across the Authority's operational and business functions.

By setting forth this policy, the Board commits the Authority to these sustainable practices:

(1) Affirm commitment to regulatory compliance, pollution prevention, continuous improvement and transparency in environmental performance.

(2) Actively participate in local and regional sustainability partnerships and strongly encourage and promote sustainable practices both in the aviation industry and the region.

(3) Review and evaluate all new programs and projects in terms of addressing all four Sustainability Elements (EONS), in a balanced, holistic and measurable approach.

(4) Analyze the life cycle operating costs and impacts of our facilities, operations and services, using a Total Cost of Ownership approach to determine project feasibility and economic sustainability.

(5) Adopt the standards set forth by the United States Green Building Council (USGBC); Leadership in Energy and Environmental Design (LEED) as guiding criteria for achieving sustainable design in the development and remodeling of airport facilities.

(6) Apply EONS and LEED criteria as a significant factor when reviewing tenant development/redevelopment projects and provide incentives to encourage sustainable design features.

(7) Develop language within all new leases, agreements and contracts that supports the Authority's sustainability initiatives.

(8) Require the Authority's lessees and contractors to comply with the terms and conditions of their agreements pertaining to sustainability.

(9) Establish a work environment that maximizes our employee assets and stimulates an atmosphere of innovation, productivity, pride, and a personal commitment to sustainability.

(10) Take a leadership role in sustainability initiatives that strengthen the social well-being and community relationships with visitors, airport stakeholders and the public we serve.

[Adopted by Resolution No. 2008-0013 dated February 7, 2008.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.4 - MEDIA POLICY
SECTION 8.40 - ESTABLISHMENT OF MEDIA POLICY

PURPOSE: To establish a policy relating to media relations by the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) The Authority believes that effective communications with the media is an important factor in addressing the safety and security needs and public relations issues relating to the facilities and airports under its jurisdiction, including, without limitation, the San Diego International Airport. The Authority's Board of Directors recognizes the importance of establishing and adopting a media relations policy that sets forth the duties and responsibilities of the Authority's personnel in communicating with the media.

(2) The Authority's Executive Director or his or her designee, from time to time, may prepare, adopt, amend or modify guidelines relating to communications with the media by Authority personnel.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS

PART 8.5 - VISUAL AND PERFORMING ARTS

SECTION 8.50 - POLICY FOR THE AIRPORT AUTHORITY ART PROGRAM

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

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

DEFINITIONS:

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

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

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

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

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

Airport Art Program. A program of the Authority consisting of the: (1) Public Art Program; (2) Temporary Installations Program; (3) Changing Exhibitions Program; and (4) Performing Arts Program. The Airport Art Program is dedicated to engaging the traveling public and the greater San Diego region by providing enhanced customer experience through the presentation and advancement of high quality art and culture programming that has artistic merit, cultural interest, and educational value.

Arts Professionals. Individuals with recognized expertise and working knowledge in one or more fields of the visual, performing, and literary arts including arts administrators, arts educators, or practicing artists.

Artist. An individual recognized by critics and peers as a professional practitioner of serious intent and substantial ability in the visual, performing, or literary arts.

Artist Selection and Review Panels. Ad hoc committees comprised of members appointed by the AAC that review and recommend Artists for participation in the Airport Art Program.

Artwork. A permanent, temporary, fixed, portable, visual, and/or performative work in any style, expression, genre and/or media created by an Artist as defined herein. Memorials, as defined herein, shall also constitute Artwork subject to this Policy 8.50. Gifts of State, as defined herein, shall not constitute Artwork subject to this Policy 8.50.

Board. The Authority's Board of Directors.

Capital Project. Construction projects of any new Airport building or facility and renovation of any existing Airport building or facility financed wholly or in part by funds appropriated by the Board.

Changing Exhibitions Program. The temporary presentation of items on loan from local and regional museums, cultural institutions, arts organizations, collectors and Artists.

Conservation and Maintenance Plan. Annual survey conducted by a trained fine art conservator that details the conditions of and conservation and maintenance needs for all Artwork acquired through the Airport Art Program.

Deaccession. The removal of Artwork from the Authority's collection and care.

Design Professionals. Generally refers to architects; civil, structural, mechanical, electrical engineers; landscape architects; urban planners; graphic, interior, industrial, fashion designers; and others whose services require licensing or registration by the state or otherwise require the knowledge and application of design principles appropriate to the Airport Art Program.

Eligible Project. A Capital Project that includes construction of terminals, curbsides, roadways, connecting green spaces and other related landside improvements.

Gifts of Artwork. The donation of Artwork, or the funds to acquire or commission Artwork, to the Authority for placement in the Airport.

Gifts of State. Items given to the Authority by a domestic or foreign government official as an expression of goodwill; not considered Artwork under this policy.

Incoming Loan of Artwork. Artwork borrowed by the Authority for display in the Airport for a specified period of time.

Ineligible Project. A Capital Project that includes airside improvements, utilities, land acquisition, purchase of right of way, equipment purchase or rental, pollution mitigation, and other project soft costs that do not directly impact or relate to the public experience.

Memorial. An item, object, or monument designed or adapted to commemorate or honor the memory of a person, place, idea, or event that occurred in the past.

Outgoing Loan of Artwork. Artwork from the Public Art Collection that is loaned to qualified institutions which include a non-profit museum, art gallery, governmental or educational entity for a specified period of time.

Performing Arts Program. The presentation of live performances of music, dance, theater or other perfomative art forms.

President/CEO. The President/Chief Executive Officer of the Authority.

Public Art Program. Planning and development of a collection of permanent Artwork that is integral to the Airport.

Public Art Collection. The group of permanent Artworks acquired by the Authority.

Site. A specified area, space or system within the Airport identified for the placement of Artwork

Temporary Installations Program. Artwork commissioned for a designated Site at the Airport installed for a limited duration of time.

POLICY STATEMENT:

(1) General Policy. The Authority recognizes the unique physical, social and economic contribution of the arts and culture. The Authority is committed to the presentation and advancement of a wide variety of high quality art and culture programming that has artistic merit, cultural interest, and educational value; that positions the airport as a creative industry driver; and that promotes regional prosperity and quality of life. Such programming shall be aligned with the mission of the Authority.

(a) Airport Art Program. The President/CEO shall sustain the Airport Art Program through the presentation and advancement of quality art and cultural programming that supports and enhances the mission of the Authority.

(b) Funding. Funding for the Airport Art Program shall be accomplished as follows:

i. The President/CEO shall take appropriate action to earmark for Board approval 2% of the amount of construction costs of eligible projects in the Authority's annual Capital Program and Airport Master Plan budgets to fund the Public Art Program.

a. Artists shall be involved at the earliest stages of design to maximize the successful integration of the Artwork and the Site.

b. Allocations shall be calculated based on the total of construction costs for the eligible project.

c. Airport Art Program Manager shall participate in the identification of eligible projects during the initial planning phase for Capital Project funding.

d. The Board shall approve public art fund allocations in conjunction with Capital Project funds. All monies appropriated for the Airport Art Program purposes shall be maintained in a separate project fund.

ii. The Temporary Installations Program, Changing Exhibitions Program, Performing Arts Program, conservation and maintenance and administrative costs required to operate the Airport Art Program shall be funded from the Authority's annual operating expense budget.

(c) Ownership. Except as described below, Authority shall obtain full ownership of and title to all Artwork acquired through the Airport Art Program.

i. Waiver and Transfer of Rights. The Authority shall not commission, accept, or receive any Artwork unless prior to such commissioning, acceptance, or receipt, the author and(or) owner of the Artwork has executed a written waiver of all interests and rights held by the author and(or) owner in the concerned Artwork under all applicable local, state and federal law, and transferring all ownership interests to the Authority.

ii. Copyright. Subject to the above provisions, the Artist retains copyright to the Artwork as the sole author of the Artwork and the Artist (or other copyright holder if not the Artist) gives the Authority perpetual license and right to use the Artwork and images of the Artwork at the Authority's sole discretion and without further compensation, including all commercial and non-commercial uses regardless of whether or not a fee is charged to the public or whether revenue is otherwise received by the Authority. The Authority will reasonably endeavor to provide advance notice to the copyright holder for any Artwork that is anticipated to be prominently featured in a commercial use undertaken by the Authority.

iii. Unconstrained Use. The Authority shall have the right to alter, change, modify, relocate, destroy, distort, mutilate, remove, transport, store, sell, transfer in whole or in part, replace and replicate the Artwork in whole or in part when the Authority, in its sole discretion, deems it necessary for any reason or when required as part of public works or infrastructure improvements to enhance Airport facilities.

(d) Rights and Responsibilities. A legal instrument of conveyance clearly defining the rights and responsibilities of all parties must accompany all Artwork acquired and presented by the Authority, including but not limited to ownership, copyright, license, and reproductions.

(e) Conservation and Maintenance. The President/CEO shall ensure that all Artwork in the Public Art Collection is maintained and exhibited in accordance with an annual conservation and maintenance plan. Maintenance and conservation shall be conducted through the use of qualified fine art conservators when necessary, skilled maintenance technicians, and detailed Artwork maintenance records.

(f) Collections Management. The President/CEO shall ensure accurate records that document the ownership, care and appraisal value of Public Art Collection.

(g) Gifts and Loans of Artwork. The AAC shall review all Gifts and Loans of Artwork and shall provide a written recommendation to the President/CEO.

i. The Authority shall accept donated Gifts and Incoming Loans of Artwork only where the President/CEO, in his or her sole discretion, determines that special and unique circumstances exist. In making such a determination, the President/CEO shall consider, at a minimum, whether some or all of the following criteria exist:

a. Relevance of the Gift or Incoming Loan of Artwork to the Public Art Collection;

b. Appropriateness of the Gift or Incoming Loan of Artwork to the Airport;

c. Artistic excellence of the Gift or Incoming Loan of Artwork;

d. Costs for delivery, site preparation, installation, maintenance and ongoing display of the Gift or Incoming Loan of Artwork; and

e. Any special restrictions, conditions, or considerations required by the donor regarding the use of the Gift or Incoming Loan of Artwork.

ii. The Authority shall approve Outgoing Loans of Artwork only where the President/CEO, in his or her sole discretion, determines that special and unique circumstances exist. In making such a determination, the President/CEO shall consider, at a minimum, the following criteria:

a. Value of Artwork and period of Outgoing Loan;

b. Function of the facility in which the Artwork is to be located and hours of operation;

c. Accessibility of the building in which the Artwork is to be located;

d. Environmental controls for Artwork;

e. Provision of security and staffing for Artwork; and

f. Proof of adequate insurance coverage for Artwork.

iii. Gifts of state by foreign governments or by other political jurisdictions of the United States are not considered Artwork and shall not be reviewed by the AAC.

(h) Memorials. The AAC shall review all Memorials, as defined herein, being considered for placement on Airport property and shall provide its written recommendation to the President/CEO.

i. The Authority shall accept requests for Memorials only where the President/CEO, in his or her sole discretion, determines that special and unique circumstances exist. In making such a determination, the President/CEO shall consider, at a minimum, whether some or all of the following criteria exist:

a. The person, place, idea or event being memorialized is deemed significant enough to merit such honor and is appropriate to the mission of the Airport;

b. The Memorial has timeless qualities and makes a statement of significance to future generations;

c. The Memorial represents broad community values and has been embraced and supported by the community it is intended to honor;

d. The proposed location is an appropriate setting for the Memorial and there is specific justification for the Memorial being located at that site;

e. The quality, scale, and character of the Memorial are at a level commensurate with the proposed location or setting;

f. The Memorial is relevant to the Public Art Collection; or

g. Provision of a maintenance endowment to ensure adequate quality of care for the Memorial in perpetuity.

ii. Unless otherwise approved by the AAC, the donor of the proposed Memorial shall be required to pay all costs for design, fabrication, transportation, installation, permits, and lighting.

iii. All Memorials shall be subject to all applicable provisions regarding review, acquisition, exhibition, ownership and Deaccession governing the Airport Art Program as described herein.

iv. The Authority may establish limitations to or a moratorium on future installations of a Memorial at a particular location or area.

(i) Deaccession. The Authority shall retain the right to Deaccession any Artwork in the Public Art Collection. The AAC shall review all Artwork being considered for Deaccession by deliberate, standardized procedures independent of political pressures, fluctuations in artistic taste, and public opinion.

i. The Authority shall Deaccession Artwork only where the President/CEO, in his or her sole discretion, determines that special and unique circumstances exist. In making such a determination, the President/CEO shall consider, at a minimum, whether some or all of the following criteria exist:

a. The condition or security of the Artwork cannot be reasonably guaranteed;

b. The Artwork requires excessive maintenance or has faults of design or workmanship and repair or remedy is impractical or unfeasible;

c. The Artwork has been damaged or has deteriorated and repair or remedy is impractical or unfeasible;

d. The Artwork's physical or structural condition poses a threat to public safety;

e. The Artwork is proved to be inauthentic or in violation of existing copyright laws;

f. The Artwork is not, or is only rarely on display because no suitable site is available;

g. Significant changes in the use, character or design of the site have occurred which affect the integrity of the Artwork;

h. The Artwork has been lost, stolen, or is missing;

i. The Artwork has received documented and unabated adverse public reaction over an extended period of time; and

j. Deaccession is requested by the Artist.

ii. Should the Authority choose to Deaccession an Artwork, the Authority reserves the right to sell the Artwork. The Artist shall be given the first opportunity to purchase the Artwork at its current appraised value.

iii. Should the Artist choose not to purchase the Artwork, the Authority may sell, trade, donate, or destroy the Artwork.

iv. Destruction shall only be used where, in the sole discretion of the President/CEO, the following circumstances exist:

a. Most or all of the Artwork has been damaged or has deteriorated and repair or remedy is impractical or unfeasible; and

b. Public safety can be protected only by destroying the Artwork.

(2) Art Advisory Committee (AAC). In carrying out its duties, the AAC shall make recommendations to the President/CEO on matters relating to the Airport Art Program upholding the Airport Art Program mission, ensuring the Airport Art Program policies and procedures are followed, and supporting the development and stewardship of the Airport Art Program. The President/CEO shall decide, in his or her sole discretion, whether or not to forward the AAC recommendations to the Board for approval. The AAC shall be advisory in nature and shall have no authority to negotiate for or commit the Authority in any respect.

(a) Composition. The AAC shall be comprised of seven voting members and no more than three ex-officio, non-voting members. The following membership shall constitute the AAC:

i. Six voting members who are Arts Professionals or Design Professionals.

a. At least two of the six members shall be practicing Artists.

b. At least one of the six members shall be actively involved in the performing arts.

c. At least two of the six members shall reside outside San Diego County.

ii. One voting member who serves on the Board.

iii. Up to three ex-officio non-voting Authority staff members whose departments work closely with the Airport Art Program as determined by the President.

iv. Authority staff members are ineligible to vote.

(b) Appointment Process. Appointment of members to the AAC shall be as follows:

i. The Chair of the Board shall appoint one member of the Board to serve as a voting member of the AAC. The President/CEO shall recommend six individuals who are Arts Professionals and Design Professionals to serve as voting members of the AAC subject to appointment by the Board.

ii. The President/CEO shall review interested candidates' qualifications and make recommendations to the Board as follows:

a. Solicit and review qualifications submitted by AAC, staff, and interested professionals in the fields of design, visual art, performing arts, and literary arts annually or as needed; and

b. Conduct interviews as needed.

(c) Terms of Membership. Except for a replacement term as described below, voting members of the AAC shall be appointed by the President/CEO for a term of three years, and no member may serve more than two consecutive terms. Should a member serve a partial term to complete the non-expired term of a prior member, such partial term shall not be included for purposes of the maximum service of two consecutive terms. Ex-officio members of the AAC shall be appointed by the President/CEO without a term limit.

i. A member's term shall commence on the date the member is appointed or reappointed to the AAC.

ii. Should a vacancy occur prior to the end of the member's scheduled term, the President/CEO shall recommend a replacement for the non-expired term, subject to appointment by the Board.

iii. The Authority shall maintain a record of the current AAC members and their term expirations.

(d) Governance. The members of the AAC shall elect a Chair and Vice-chair at the first meeting of each calendar year for a one-year term.

i. The Chair and Vice-chair shall be residents of San Diego.

ii. The Chair and Vice-chair shall not hold a current leadership position on the staff, governing board, or advisory committee of the arts agency or department of any local governmental or educational entity within San Diego County, to prevent any overlap of authority.

(e) Role. The AAC shall make recommendations to the President/CEO who shall decide, in his or her sole discretion, whether or not to forward the AAC recommendations to the Board for approval. The AAC shall provide expert advice regarding:

i. Airport Art Program policies and procedures;

ii. Airport Art Master Plan;

iii. Airport Art Site and Opportunity Plan;

iv. Artist selection, review panels, and processes;

v. Artwork review and selection;

vi. Conservation and maintenance of Artwork;

vii. Proposed Deaccession of Artwork;

viii. Proposed Gifts and Loans of Artwork;

ix. Proposed Memorials, as defined herein; and

x. Advocacy, community outreach, and strategic planning in support of the Airport Art Program mission.

(f) Conflict of Interest. AAC members must abide by the following:

i. Withdraw from participating or voting on any recommendation involving a competition, commission, project or program for which any monetary gain or for which any business or familial relationship would make it difficult to render an objective and impartial decision or create the perception that an objective and impartial decision would be difficult.

ii. Be ineligible for any Authority-related competition, commission, project, or program during their tenure; and

iii. Disclose any real or perceived conflicts of interest

(3) Artist Selection and Review Panels. The AAC shall appoint Artist Selection and Review Panel members to review and recommend Artists for specific projects and program opportunities within the Airport Art Program. Each Panel shall be comprised of the following:

(a) Three to five voting members who are Art and Design Professionals.

(b) A representative from the project design or construction team of the Authority shall participate as a non-voting advisor;

(c) A member of the AAC shall participate as a non-voting advisor;

(d) Duration. Artist Selection and Review Panels shall be formed for only the duration of the particular Artist selection process. Upon final recommendation of an Artist to the AAC, the specific Artist Selection and Review Panels shall be disbanded.

(e) The AAC, at its sole discretion, reserves the right to serve as the Artist Selection and Review Panel.

(4) Duties of the Board. The Board shall, subject to its sole discretion:

(a) Approve funds annually for the Airport Art Program;

(b) Through its Chair, appoint one member of the Board annually to serve as a voting member of the AAC;

(c) Approve appointments to the AAC, other than the Board member who is selected by the Chair; and

(d) Approve contracts with Artists as recommended by the President/CEO.

(5) Duties of the President/CEO. The President/CEO shall be responsible for the administration and implementation of the Airport Art Program and decide, in his sole discretion, whether or not to forward the AAC recommendations to the Board for approval as defined herein.

(a) The President/CEO shall determine a process to carry out the following:

i. Selection of Artists and Artwork;

ii. Ongoing care, maintenance, and conservation of Artwork;

iii. Review of proposed Memorials;

iv. Deaccession of Artwork; and

v. Review of proposed Gifts and Loans of Artwork.

(b) Upon authorization from the Board, the President/CEO shall negotiate and execute contracts with Artists or commission the design, fabrication, and installation of Artwork for the Airport.

(6) Duties of the Airport Art Program Manager. The Airport Art Program Manager shall be responsible for all of the following:

(a) Managing, coordinating and overseeing administration of the Airport Art Program, including staffing the AAC;

(b) Working with Authority staff, Artists, contractors, vendors and tenants to facilitate the design, fabrication and installation of Artwork for the Airport;

(c) Collaborating with the Authority's capital projects staff on the integration of Artwork at the Airport; and

(d) Serving as a liaison between the Authority and the public on Airport Art Program-related matters, including coordinating outreach and communications efforts.

[Amended by Resolution No. 2013-0005 dated January 10, 2013.]
[Amended by Resolution No. 2006-0149 dated December 4, 2006.]
[Amended by Resolution No. 2006-0081 dated July 6, 2006.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.6 - DOCUMENTS AND RECORDS
SECTION 8.60 - RECORDS AND INFORMATION MANAGEMENT

PURPOSE: To establish a policy for the proper and efficient management of the records and information of the San Diego County Regional Airport Authority ("Authority"), regardless of format. This policy affirms the Authority's commitment to proper and economical stewardship of the records and information created and received in conjunction with its operations.

(1) Development and Maintenance of a Records and Information Management Program.

The Director, Corporate and Information Governance/Authority Clerk ("**Clerk**") or his or her designee shall manage the continued development and maintenance of a Records and Information Management Program (**"Program"**) that shall apply to the Authority and all of its departments. The Clerk shall provide guidance to the Authority's officers, employees and consultants with respect to the specific requirements of the Program.

The purpose of the Program is to provide for the proper and efficient management of the records and information of the Authority. The objectives of the Program shall be:

(a) Compliance with Law. The Authority's officers, employees, and consultants shall retain all necessary records and information in accordance with the Authority's Program and all associated federal, state, and local laws.

(b) Availability and Accessibility. The Authority shall retain each record in a manner sufficient to ensure that such record is authentic, reliable, accessible, secure and useable for so long as the availability of such record is reasonably necessary for legal, fiscal, administrative, or historical purposes.

(c) Cost Reduction. The Authority shall economically and efficiently manage records and information throughout their lifecycle. Departments shall create only those records operationally necessary and/or required by law, classify and maintain records in such a way as to ensure their availability and accessibility, and discard all records and information according to the adopted records retention schedules.

(2) Ownership.

All records and information shall be the property of the Authority and, in this regard, outgoing officers, employees, and consultants shall deliver such records and information to the Authority.

(3) Review of the Retention Schedule.

At least biennially, the Authority shall review the Retention Schedules to determine whether legal or operational requirements warrant any amendments thereto.

[Superceded by Resolution No. 2015-0086 dated September 17, 2015.]
[Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.6 - DOCUMENTS AND RECORDS
SECTION 8.61 - PROVIDING COPIES OF PUBLIC RECORDS

PURPOSE: To establish a policy and fee schedule for providing copies of public records of the San Diego County Regional Airport Authority (the "**Authority**") to the public.

The California Public Records Act (CPRA), Government Code §6250-6270, requires state and local government agencies to disclose non-exempt public records to the public upon request. Therefore the terms of the California Public Records Act are hereby incorporated by reference and constitute the Public Records Request Policy of the Authority.

POLICY STATEMENT:

The following fee schedule was developed in accordance with the CPRA:

(1) Copies of public records shall be provided to the Public by the Director, Corporate & Information Governance/Authority Clerk (the "**Clerk**") upon payment of the following fees, unless statutory fees apply:

(a) Documents - $.20 per page

(b) Large Format Copies - $3.00 per sheet

(c) CD/DVD - $1.00; and

(d) Certification - $1.00 per document

(2) When a member of the public requests that the records be mailed, said requester will incur the direct cost of shipping the records as charged by the United States Postal Service or requested shipping service.

(3) When existing records are requested in electronic format, charges shall be assessed in accordance with the CPRA.

(4) When copies of records must be sent to an outside copy service for reproduction, the requester will incur the direct cost of duplication as assessed to the Authority by the copy service.

(5) Upon written request by any person, one copy of the Board or Committee agenda, minutes, or all of the documents constituting the agenda packet of the Authority shall be furnished upon payment of the following fees, plus any applicable shipping costs:

(a)	Agenda:	$1.00
(b)	Minutes	$1.50
(c)	Agenda Packet:	$40.00

(6) It shall be the duty of the Clerk to respond to requests for copies or inspection of public records and to manage the production of records in compliance with the CPRA.

(7) The President/CEO or his or her designee may revise the fees and charges set forth in this policy and add additional fees and charges from time to time.

[Superceded by Resolution No. 2015-0086 dated September 17, 2015.]
[Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.6 - DOCUMENTS AND RECORDS
SECTION 8.62 - NOTARY SERVICES PROVIDED BY EMPLOYEES

PURPOSE: To establish a policy governing the provision of notary services by employees of the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) The Authority is committed to providing excellent service and support to the Authority's Board of Directors, Authority departments and the public. In providing the highest level of service and support, the Authority provides notary services to administer oaths and process documents that require a notary certificate. Pursuant to Section 8205 of the Government Code, notaries public may not refuse service to the public. This policy describes the Authority's provision of notary services.

(2) The Authority may designate employees to be commissioned by the Secretary of State to provide notary services for the Authority and the public. For those designated employees, the Authority shall pay the premium for the required bond; the premium for errors and omissions insurance; the cost of relevant specialized training; membership in one notary association; and stamps, seals and other supplies required in connection with the appointment, commission or performance of the duties of notary public.

(3) All notary services shall be provided pursuant to state laws regulating notaries public. No fee shall be charged for performing a notary service relating to Authority business. The full fees authorized under state statutes shall be charged for non-Authority notary services performed during Authority business hours.

(4) All fees collected or obtained from any notary services provided by employees commissioned as notaries public for the Authority shall be properly receipted and deposited to the Authority. All fees collected shall be reflected in the notary public sequential journal. Employees of the Authority may receive notary services at no cost, as a benefit of employment. The Authority's Executive Director shall establish a fee schedule and procedures to implement this policy.

(5) All employees commissioned as notaries public for the Authority are required to attend the California Notary Seminar presented by the National Notary Association for both new and renewing commissions. The Authority will pay all reasonable fees in connection with the Seminar. It is the responsibility of the employee to follow all rules and regulations regarding notaries public, including maintaining exclusive, secured control over the notary journal and stamp.

(6) All employees designated as notaries public for the Authority shall sign a copy of this policy acknowledging that they understand and agree to the terms of this policy. A copy will be placed in their personnel file.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.6 - DOCUMENTS AND RECORDS
SECTION 8.63 - PRIVACY OF PERSONAL INFORMATION

PURPOSE: To establish a policy statement of the San Diego County Regional Airport Authority (the "Authority") for the prudent and reasonable protection of personal information ("PI") to the extent practicable.

POLICY STATEMENT:

(1) The Authority recognizes that privacy is a personal and fundamental right protected by Section 1 of Article I of the California Constitution, the U.S. Constitution, federal, state and local law. The Authority will not sell, lease or intentionally share PI in its possession with anyone else, except as follows:

(a) to the extent the Authority deems it necessary in furtherance of and for the purpose it was submitted;

(b) for use by an Authority employee acting solely in his or her official capacity;

(c) to help locate the owner of lost property;

(d) where required by applicable laws, including the California Public Records Act (Cal. Gov. Code § 6250 *et seq*.);

(e) where compelled by court order;

(f) where consented-to by the subject individual;

(g) where already in the public domain;

(h) where provided to the Authority on a public record or other record in furtherance of conducting business with the Authority (e.g., a meeting sign-in sheet or responses to requests for proposals, qualifications or bids); or

(i) in the course of an Authority or law enforcement investigation.

(2) In the event of any data breach of Authority records that includes PI, the Authority will make reasonable attempts to notify the owner(s) following discovery, where the PI was, or is reasonably believed to have been, accessed and/or acquired by an unauthorized person.

(3) Examples of Authority-protected PI elements include, but are not limited to:

(a) user name and password;
(b) full social security number;
(c) driver's license number;
(d) citizenship/legal status;
(e) race/ethnicity;
(f) birth date;
(g) home and personal cell telephone numbers;
(h) personal email address, mailing and home address;
(i) religious preference;
(j) security clearance;
(k) mother's middle and maiden names;
(l) family information: marital status, spouse information, child information, emergency contact information;
(m) biometric information;
(n) medical information;
(o) disability information;
(p) law enforcement records; and
(q) military records.

(4) Examples of PI elements not protected by the Authority include, but are not limited to:

(a) name and job description;
(b) office location; *****
(c) office and work cell telephone numbers; *****
(d) business e-mail address;
(e) information provided to the Authority on a meeting sign-in sheet or responses to requests for proposals, qualifications or bids; *****
(f) badge number; and *****
(g) salary, benefits and pension amounts.

(5) Prior to the intentional collection of PI from any person, the Authority will first disclose how such PI may be collected and used, and require the person's consent.

(6) The Authority shall retain PI in accordance with its Records Retention Policy.

***** ***Except where disclosure is discretionary or would be in violation of local, state, or federal statues; or release of such information would potentially jeopardize the safety of the individual.***

[Adopted by Resolution No. 2015-0124 dated December 17, 2015.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.9 - ENVIRONMENTAL COMPLIANCE
SECTION 8.90 - GENERAL

PURPOSE: To establish a policy relating to the compliance by the San Diego County Regional Airport Authority (the "**Authority**") with applicable federal, state and local environmental laws.

POLICY STATEMENT:

(1) The Authority is committed to ensure that the facilities and airports under its jurisdiction, including the San Diego International Airport, operate in a manner that complies with all federal, state and local environmental laws.

(2) The Authority's Executive Director or his or her designee may adopt and amend guidelines that address the Authority's compliance with federal, state and local environmental laws.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 8 - GENERAL OPERATIONS
PART 8.9 - ENVIRONMENTAL COMPLIANCE
SECTION 8.91 - WATER CONSERVATION

PURPOSE: To formulate a formal policy statement of the Board of Directors (the "**Board**") of the San Diego County Regional Airport Authority (the "**Authority**") to encourage the conservation of water use in Authority operations, and among tenants and users of Authority facilities.

POLICY STATEMENT:

(1) The Board recognizes the need for all public agencies to join the effort to conserve one of our region's most precious resources ─ water. The Board directs that measures be instituted by the Authority to conserve the water it uses.

(2) It is the policy of the Board that specific water conservation measures be utilized in all Authority facilities and operations. Particular emphasis is directed to irrigation practices; drought resistant and/or water-saving landscaping design; installation of low-flow sanitation devices in new or remodeled structures; educational awareness programs for Authority landscaping crews to increase sensitivity to water conservation measures; and such other programs as the Authority's Executive Director or his or her designee (the "**Executive Director**") may deem well suited to the Authority operations.

(3) Authority tenancy agreements require all lessees, tenants and subtenants of the Authority to comply with federal, state and local law, which would include legislation regarding water conservation measures.

(4) It is the policy of the Board that lessees be strongly encouraged to actively participate in water conservation efforts.

(5) Sensitivity to water conservation shall be a significant factor when reviewing tenant development/redevelopment projects. A water conservation program element shall be included in tenant development submittals as determined by the Executive Director and in accordance with the Authority's other policies and codes and applicable federal, state and local laws.

[Resolution No. 2002-02 dated September 20, 2002.]
[Superceded by Resolution No. _____ dated _____.]

TABLE OF CONTENTS
FOR
POLICIES

ARTICLE 9

SAN DIEGO INTERNATIONAL AIRPORT

[Addresses operational matters relating specifically to the San Diego International Airport.]

Section No.	Title
	Part 9.0 – General
9.01	**[Reserved]**
	Part 9.1 – Advertising
9.10	Advertising
	Part 9.2 - Noise Regulation
9.20	San Diego International Airport Noise Advisory Committee
	Part 9.3 – Airport Operations
9.30	Airport Parking Card Program for External Stakeholders
	[Reserved (9.40-9.99)]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 9 - SAN DIEGO INTERNATIONAL AIRPORT
PART 9.1 - ADVERTISING
SECTION 9.10 - ADVERTISING

PURPOSE: To establish a policy for the sale of advertising space at the San Diego International Airport (the "**Airport**") by the San Diego County Regional Airport Authority (the "**Authority**"). The Authority's objectives in granting an advertising concession include optimizing concession revenues to the Authority and providing users of the Airport with an aesthetically-pleasing environment that reflects state-of-the-art advertising concepts and utilizes space in a way that optimizes advertising effectiveness. It is not the intention of the Authority to create or provide a public forum for unlimited public expression. Further, the Authority intends that its facilities constitute nonpublic forums that are subject to the reasonable, uniform, and viewpoint-neutral restrictions set forth below. Therefore, in order to maximize revenues the Authority shall limit the advertising locations to the placement of advertisements from commercial entities where such advertisements do no more than propose the sale, for profit, of goods and/or services, or to community promotion organizations that seek to increase business or tourism in San Diego County. The Authority has determined that: (a) such limitations will enable the Authority to maintain a position of neutrality and avoid the appearance of favoritism on political, social, religious and other controversial issues at the Airport, thereby preventing violent acts against the Airport, its tenants, and the traveling public that the Authority is concerned might occur if advertising were not limited to commercial and other approved content, (b) such limitations will prevent a reduction in the income earned from selling advertising space because commercial entities might be dissuaded from using the same forum commonly used by those wishing to communicate political, social, religious, or other controversial messages; (c) such limitations will assist the Authority in being as self-sustaining as possible, in accordance with FAA Grant Assurance 24; and (d) such restrictions will maintain a safe and welcoming environment for the captive audience who is employed at and utilizes the Airport, including minors.

POLICY STATEMENT:

(1) Advertising contracts shall be negotiated for the purpose of increasing airport revenues.

(2) The subject matter for all advertising materials displayed on Authority property shall be limited to speech which proposes a commercial transaction as its primary purpose. Acceptable advertising must promote for sale, lease, or other financial benefit a product, service, event, or other property interest in primarily a commercial manner for primarily a commercial purpose.

In the event the Authority's advertising concessionaire does not have a contract in place for use of advertising space, then the advertising concessionaire may make the space available to Community Promotion Organizations if the content otherwise meets the requirements of this policy. A Community Promotion Organization means an organization which increases business or tourism in San Diego County and would benefit from the exposure provided on Airport premises, such as local chambers of commerce, economic development councils, convention and visitor organizations, local public museums or science centers, governmental or non-profit entities sponsoring nationally recognized sporting events, and the Authority.

The following types of advertising shall not be displayed or otherwise produced or published:

1. Advocacy. An advocacy advertisement is any advertisement that advocates a political, religious or controversial public position.

2. Cigarettes, Tobacco, Electronic Cigarettes, or Controlled Substances. The advertisement promotes the sale or use of cigarettes, tobacco, or electronic cigarettes, or depicts such products, or goods or services related to controlled substances as set forth in California Health and Safety Code § 11014.5.

3. Betting or Gambling. Only advertising for gambling establishments, betting services, lotteries or contests that are in compliance with applicable federal, state and local regulations are acceptable. All other gambling establishments, betting services, lotteries, contests or gambling related advertisements, including but not limited to gambling tutorial web sites, may not be accepted.

4. Weapons, Ammunition, or Fireworks.

5. 900 and 976 Phone Numbers.

6. "NC-17" Rated Movies.

7. Obscenity, Pornography, Adult Entertainment or Services, or Adult Novelty Products. Any advertisement that is obscene, as set forth in California Penal Code § 311.

8. Profanity and/or Fighting Words. Any advertisement that contains profane language and/or appearance or suggestion of profane language, or language that is of such slight social value that any benefit that may be derived from the language is clearly outweighed by the social interest in order and morality.

9. Harmful to Children. Any advertisement that contains harmful matter to children as set forth in California Penal Code § 313, or a matter that could cause "child abuse" as set forth in California Welfare & Institutions Code § 18951.

10. Unlawful and/or Illegal Goods or Services. Any unlawful and/or illegal goods or services.

11. Unlawful Activity. Advertising that is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.

12. Violence, Hatred, Bigotry or Intolerance. Advertising that depicts graphic violence or images of violence or gore (including body parts, dead or mutilated bodies or fetuses of humans or animals), or that promotes hatred, bigotry, or intolerance, or which is offensive to the moral standards of the community or contrary to prevailing standards of adults in the greater metropolitan area of the County and City of San Diego as to suitability for display to a captive audience that includes minors.

13. Result in Harm, Disruption or Interference to Airport. Advertising that contains speech or images that is so objectionable under contemporary community standards as to be reasonably foreseeable that it will result in harm to, disruption of, or interference with the Airport.

14. False, Deceptive, or Misleading. Advertising which is false, deceptive, or misleading in any way as set forth in California Business and Professions Code § 17200 or in violation of 18 U.S.C. § 35.

15. Illegal Advertising. Advertising which is illegal under applicable law, including and without limitation, false or defamatory advertising under the Lanham Act or other applicable laws, unfair competition laws, laws regulating copyrights, trademarks, and other forms of intellectual property.

16. Competition. Advertisements that are in direct competition with the Authority's business objectives.

17. Endorsement. Advertising that implies or declares an endorsement by the Authority, without the prior written authorization of the Authority.

18. Threatening Words. Advertising that contains threatening words when applying contemporary community standards which common sense dictates should not be displayed inside an airport facility (e.g., killer, bomb, terrorist, hijack, etc.), or an advertisement that conveys any threat to do any act as set forth in 18 U.S.C. §§ 32, 37 or 844(e).

[Amended by Resolution No. 2015-0059 dated June 25, 2015]
[Adopted by Resolution No. 2002-02 dated September 20, 2002]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 9 - SAN DIEGO INTERNATIONAL AIRPORT
PART 9.2 - NOISE REGULATION
SECTION 9.20 - SAN DIEGO INTERNATIONAL AIRPORT NOISE ADVISORY COMMITTEE

PURPOSE: To establish a community noise advisory committee for the San Diego County Regional Airport Authority ("**Authority**") for resident and community input and involvement relating to aircraft noise issues at San Diego International Airport ("**Airport**").

POLICY STATEMENT:

The Authority's Board of Directors ("**Board**") recognizes that neighborhoods surrounding the Airport are affected by noise from aircraft operations. An Airport Noise Advisory Committee ("**Committee**"), consisting of individuals from various entities, organizations, residential areas, and professional associations, shall be formed in accordance with this policy.

COMMITTEE COMPOSITION:

(1) The intent in forming the Committee is to provide airport noise-impacted residents and communities (defined as those within the State of California-designated Airport Noise Impact Area (NIA) – 65 decibel (dB) Community Noise Exposure Level (CNEL) noise contour, as accepted by the Federal Aviation Administration (FAA)), the opportunity to provide input to the Board regarding various Aircraft Noise-Related Projects.

(a) The Authority President/CEO (or designated representative) shall appoint no more than 12 voting members to the Committee. Voting members may include representatives of the following entities, agencies, industries or interested groups: airline pilot, City of San Diego, County of San Diego, general community member (from NIA), Greater Golden Hill Planning Board, Downtown Community Planning Council, North Bay Community Planning Group, Ocean Beach Planning Board, Peninsula Community Planning Board, Uptown Planners, and the United States military.

(b) The President/CEO may also appoint *ex-officio* (non-voting) members representing the United States Congress, (or designees), the State of California legislature, (or designee), the County of San Diego Board of Supervisors (or designee), the San Diego City Council (or designees), the FAA, an airline industry representative, Acoustician, and the Mission Beach Precise Planning Board. Additionally, upon request of a community planning board representing areas with residents residing within the San Diego International Airport, FAA-accepted 60-65 dB CNEL noise contour, the President/CEO may appoint a representative to participate on the Committee in an *ex-officio* (non-voting) capacity.

(c) Committee members shall serve three (3) year terms until replaced. Committee members shall represent only the defined agencies identified in this policy. Members may only serve on the Committee while an approved or elected member or representative of the entity, agency or organization they represent. The President/CEO may set staggered terms for committee members, including setting shorter initial terms for selected appointees. Committee members may be re-appointed at the discretion of the President/CEO.

MEETING PROCEDURES:

(2) A meeting facilitator, hired by the Authority, shall facilitate meetings of the Committee.

(3) The Committee shall meet at least quarterly. At the first meeting each calendar year, the Committee shall establish the dates for Committee meetings for that calendar year. Agendas for each Committee meeting shall be distributed by the Authority's Clerk ("**Clerk**"). Meetings shall be noticed and open to the public. Meetings shall be conducted in accordance with the Ralph M. Brown Act and applicable policies, procedures and codes adopted by the Board.

(4) The Committee is advisory in nature. The Committee and its members shall have no authority to negotiate for, represent, or commit the Authority in any respect.

(5) The Committee will consider and make recommendations regarding the following aircraft noise-related projects:

(a) Residential Sound Attenuation ("Quieter Home") Program;

(b) Airport Noise & Land Use Compatibility Plan (14 CFR Part 150);

(c) Airport noise monitoring and mitigation efforts;

(d) Community Outreach Programs; and

(e) Other aircraft noise issues.

(6) Presentations to the Board by the Committee may be scheduled upon request of the Committee, President/CEO, or the Chair of the Board.

(7) The Airport Noise Mitigation Department shall maintain a roster and record of the appointment of Committee members and shall provide staff support to the Committee.

(8) Minutes of each meeting shall be maintained by the Clerk and shall be submitted to the Committee for approval.

[Amended by Resolution No. 2015-0025 dated April 23, 2015]
[Amended by Resolution No. 2013-0079 dated September 12, 2013]
[Amended by Resolution No. 2011-0119 dated October 6, 2011]
[Amended by Resolution No. 2008-0110 dated September 4, 2008]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 9 - SAN DIEGO INTERNATIONAL AIRPORT
PART 9.3 - AIRPORT OPERATIONS
SECTION 9.30 - AIRPORT PARKING CARD PROGRAM FOR EXTERNAL STAKEHOLDERS

PURPOSE: To establish a policy governing the airport parking card program of the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

(1) Objectives. The principal objectives of the Authority's parking card program are to:

(a) benefit the San Diego International Airport (the **"Airport"**) by efficiently managing access to public parking lots by eligible individuals;

(b) establish an efficient and well-managed program that expedites the travel of tenants and others who provide direct services to the Airport; and

(c) support local government officials in recognition of their responsibility in representing the interests of the Airport, other regional transportation centers and the San Diego County region.

This policy is designed to achieve the foregoing objectives by regulating the distribution and use of parking cards and ensuring effective administration of the parking card program.

(2) Eligibility.

(a) The Authority's President/CEO or his or her designee (the **"President/CEO"**) may issue Airport parking cards to the following eligible groups.

(i) Foreign Consulates serving San Diego County;

(ii) Federal and state elected officials representing the San Diego County region;

(iii) Elected officials representing the County of San Diego;

(iv) Elected officials representing the cities of the County of San Diego;

(v) Employees and employees of airlines that serve the Airport;

(vi) Employees of government agencies that serve the Airport (*e.g.*, the Port District, Federal Aviation Administration, the Transportation Security Administration, the United States Customs Service);

(vii) Contractors, vendors, suppliers, and concessionaires that serve the Airport; and

(vii) Other individuals whose use is deemed by the President/CEO to be consistent with the objectives set forth above in Paragraph 1.

Notwithstanding the foregoing, the Authority may change, limit or expand the foregoing groups at its discretion.

(b) If the eligibility status of a cardholder changes (*e.g.*, the cardholder ceases to be a consular official, federal or state official, etc.), then the cardholder no longer shall be entitled to use his or her parking card. The cardholder promptly shall notify the Authority of such change of status and the Authority shall deactivate his or her parking card.

(3) Usage Restrictions.

(a) Each parking card shall be issued only for the eligible individual's use, and each cardholder shall use his or her parking card only for official business purposes.

(b) In some cases, financial, gift or economic reporting requirements may apply to a cardholder's receipt or use of a parking card. In addition, misuse of a parking card may constitute a gift of public funds. Each cardholder shall comply with all applicable legal requirements relating to his or her receipt and use of his or her parking card.

(c) Before being issued a parking card, each potential cardholder shall sign a statement in which he or she agrees to comply with this policy.

(d) The President/CEO may impose restrictions on the parking locations at the Airport that are authorized for use by cardholders.

(4) Administration.

(a) The President/CEO shall be responsible for the overall administration and management of the parking card program.

(b) The President/CEO shall oversee periodic audits of the parking card program and report to the Board the results thereof.

(c) The Authority shall maintain a list of cardholders, which shall be reviewed at least on a semi-annual basis.

(d) Each parking card shall be valid for a period of one year. The President/CEO may renew any parking cards for additional one-year periods.

(e) The Authority promptly shall deactivate unauthorized parking cards.

(f) The President/CEO may require a cardholder to surrender his or her parking card at any time, for any reason in the President/CEO's sole discretion.

[Amended by Resolution No. 2009-0127R dated October 1, 2009]
[Amended by Resolution No. 03-036 dated June 12, 2003
[Adopted by Resolution No. 03-017 dated April 3, 2003]