

Board Members

Lydia Ball (Chair)
James Sly (Vice Chair)
Whitney Benzian
Daniel Kuperschmid
Monica Montgomery Steppe
Rafael Perez
Esther C. Sanchez
Steve Vaus
Marni von Wilpert

Ex-Officio Board Members

Ann Fox
Col. R. Erik Herrmann
Michele Perrault

President/CEO

Atif Saeed

Board Meeting Agenda

Thursday, June 4, 2026

9:00 AM

San Diego County Regional Airport Authority
Administration Building
First Floor – Boardroom
2417 McCain Road
San Diego, CA 92101

***Live webcasts of Authority Board meetings can be accessed at
<http://www.san.org/Airport-Authority/Meetings-Agendas/Authority-Board>***

This Agenda contains a brief general description of each Item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken.

Please note that Agenda Items may be taken out of order. If comments are made to the Board without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law.

Staff Reports and documentation relating to each Item of business on the Agenda are on file in the Office of the Authority Clerk Department and are available for public inspection.

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

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

THE CLERK'S OFFICE DOES NOT ACCEPT EXTERNAL FLASH DRIVES OR REMOVABLE MEDIA DEVICES. ALL PRESENTATIONS MUST BE EMAILED TO CLERK@SAN.ORG BY CLOSE OF BUSINESS THE DAY PRIOR TO THE APPLICABLE MEETING.

Board Meeting Agenda

Thursday, June 4, 2026

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CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

PRESENTATIONS:

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

- **AUDIT COMMITTEE:**
Committee Members: Huerta, Newsom (Chair), Montgomery Steppe, Perez, Sanchez, Vaus, Wong Nickerson
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
Committee Members: Benzian, Perez, Sanchez, von Wilpert (Chair)
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Committee Member: Sly
- **FINANCE COMMITTEE:**
Committee Members: Sly (Chair), von Wilpert

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Liaisons: Benzian
- **ARTS ADVISORY COMMITTEE:**
Liaison:

LIAISONS

- **CALTRANS:**
Liaison: Fox
- **INTERGOVERNMENTAL AFFAIRS:**
Liaison:
- **MILITARY AFFAIRS:**
Liaison: Herrmann
- **PORT:**
Liaison: von Wilpert

- **WORLD TRADE CENTER:**
Representative: Sly

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:**
Representative: Sly
- **SANDAG TRANSPORTATION COMMITTEE:**
Representatives: Sanchez (Primary), Perez

CHAIR REPORT:

PRESIDENT/CEO REPORT:

NON-AGENDA PUBLIC COMMENT:

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

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

CONSENT AGENDA (ITEMS 1- 12):

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

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the Minutes of the April 16, 2026, Special Board Meeting, May 7, 2026, Regular Board Meeting and May 14, 2026, Special Board Meeting.

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

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

(Office of the Authority Clerk: Annette Fagan Ortiz, Authority Clerk)

3. AWARDED CONTRACTS AND APPROVED CHANGE ORDERS FROM APRIL 10, 2026, THROUGH MAY 7, 2026, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM APRIL 10, 2026, THROUGH MAY 7, 2026:

RECOMMENDATION: Receive the report.

(Procurement: Jana Vargas, Director)

4. JUNE 2026 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2026-0029, approving the June 2026 Legislative Report.

(Government Relations and Strategy: Matt Harris, Director)

5. APPOINTMENT TO BOARD COMMITTEES, LIAISON AND REPRESENTATIVE POSITIONS:

RECOMMENDATION: Adopt Resolution No. 2026-0030, making appointments to Board committees, liaison, and representative positions.

(Government Relations and Strategy: Matt Harris, Director)

6. APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE:

RECOMMENDATION: Adopt Resolution No. 2026-0031, appointing Phillip Unthank as a public member to the Audit Committee to commence July 1, 2026, for a new three-year term.

(Office of the Authority Clerk: Annette Fagan Ortiz, Authority Clerk)

CLAIMS:

COMMITTEE RECOMMENDATIONS:

7. REVIEW OF AUTHORITY POLICY 4.20 – GUIDELINES FOR PRUDENT INVESTMENTS AND DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, CHIEF FINANCIAL OFFICER/TREASURER; AND AUTHORITY POLICY 4.40 - DEBT ISSUANCE AND MANAGEMENT POLICY:

RECOMMENDATION: Adopt Resolution No. 2026-0032, approving amendments to Authority Policy 4.20 – Guidelines for Prudent Investments and delegation of authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer.

(Finance & Airline Relations: Maya Dayan, Director)

8. **REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDITS FOR THE FISCAL YEAR ENDED JUNE 30, 2026:**
RECOMMENDATION: The Audit Committee recommends that the Board accepts the information.
(Accounting & Risk Management: John Dillon, Director)
9. **FISCAL YEAR 2026 THIRD QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board accepts the report.
(Audit: Lee Parravano, Chief Auditor)
10. **RISK ASSESSMENT AND PROPOSED FISCAL YEAR 2027 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
Recommendation: The Audit Committee recommends that the Board adopt Resolution No. 2026-0033, approving the Fiscal Year 2027 Proposed Audit Plan of the Office of the Chief Auditor.
(Audit: Lee Parravano, Chief Auditor)

CONTRACTS AND AGREEMENTS:

11. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AMENDMENTS TO EXISTING CONCESSION AGREEMENTS WITH HFF SAN T1, LLC (HIGH FLYING FOODS) FOR TERMINAL 1 PHASE 1B, INCLUDING CONCEPT MODIFICATIONS AND PHASING ADJUSTMENTS:**
RECOMMENDATION: Adopt Resolution No. 2026-0034, authorizing the President/CEO to negotiate and execute amendments to existing concession agreements with HFF SAN T1, LLC (High Flying Foods) for Terminal 1 Phase 1B, including concept modifications and the deferral of select concession units.
(Terminal Business Development: Dominique Sheck, Manager)

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

12. **AWARD A CONTRACT TO G&G SPECIALTY CONTRACTORS, INC. FOR QUIETER HOME PROGRAM PHASE 14, GROUP 8, PROJECT NO. 381408 THIRTY-SIX (36) NON-HISTORIC SINGLE-FAMILY AND MULTI-FAMILY UNITS ON EIGHT (8) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2026-0035, awarding a contract to G&G Specialty Contractors, Inc. in the amount of \$1,692,996 for Phase 14, Group 8, Project No. 381408, of the San Diego County Regional Airport Authority's Quieter Home Program and making a finding that the project is exempt from the California Environmental Quality Act.
(Planning, Noise, and Environment: Sjohnna Knack, Director)

PUBLIC HEARINGS:

CONTINUED BUSINESS:

NEW BUSINESS:

- 13. BROWN ACT UPDATES RELATED TO CALIFORNIA SENATE BILL 707 AND ADOPTION OF A TECHNOLOGY DISRUPTION POLICY:**
RECOMMENDATION: Adopt Resolution No. 2026-0036 amending Policy 1.33, Public Participation in Meetings of the Board, and approving Policy 1.34, Technology Disruption Policy for Board, Airport Land Use Commission, and Committee Meetings, as required by the Ralph M. Brown Act, as amended by Senate Bill 707.
(Office of the Authority Clerk: Annette Fagan Ortiz, Authority Clerk)
- 14. APPROVAL AND ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2027, THE CAPITAL PROGRAM FOR FISCAL YEARS 2027-2031, AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2028:**
RECOMMENDATION: Adopt Resolution No. 2026-0037 approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2027, the Capital Program for Fiscal Years 2027-2031, and conceptually approving the Annual Operating Budget for Fiscal Year 2028.
(Finance: Scott Brickner, Vice President/Chief Financial Officer)
- 15. PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING COMPENSATION FOR THE GENERAL COUNSEL:**
RECOMMENDATION: The Board will be discussing and possibly taking action regarding the performance of the General Counsel.
(Human Resources: Monty Bell, Director)
- 16. PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING COMPENSATION FOR THE CHIEF AUDITOR:**
RECOMMENDATION: The Board will be discussing and possibly taking action regarding the performance of the Chief Auditor.
(Human Resources: Monty Bell, Director)

CLOSED SESSION:

- 17. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
Cal. Gov. Code §54957
Title: President/Chief Executive Officer
- 18. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
Cal. Gov. Code §54957
Title: General Counsel

19. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957

Title: Chief Auditor

20. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9

Number of potential Cases: 3

21. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

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

Name of Case: San Diego County Regional Airport Authority v. AQ US SW Holding Co., et al., San Diego Superior Court Case No. 37-2023-00032124-CU-BC- CTL

22. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

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

Name of Case: *Flandez v. San Diego County Regional Airport Authority*, San Diego Superior Court Case No. 25CU010276C

23. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

Property: Airline Operating and Lease Agreement - San Diego International Airport

Agency Negotiator: Atif Saeed, Scott Brickner, Maya Dayan, John Dillon, Lee Kaminetz, Amy Gonzalez

Negotiating Parties: Alaska Airlines, American Airlines, Breeze Airlines, British Airways, Delta Airlines, FedEx, Frontier Airlines, Hawaiian Airlines, Japan Airlines, JetBlue Airlines, Lufthansa, Southwest Airlines, United Airlines, KLM, Copa Airlines, Air Canada, WestJet, Sun Country

Under Negotiation: price and terms of payment

REPORT ON CLOSED SESSION:

GENERAL COUNSEL REPORT:

BOARD COMMENT:

ADJOURNMENT:

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

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

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

Additional Meeting Information

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

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

For those planning to attend the Board meeting, parking is available in the Airport Administration Building Parking Lot (entrance on the east side of McCain Road). Bring your ticket to the first-floor receptionist for validation.

Visitors can park in the lot from 8:00 a.m. to 5:00 p.m.

You may also reach the SDCRAA Building by using public transit via the San Diego MTS System, Route 923. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD AND CAPITAL IMPROVEMENT PROGRAM OVERSIGHT
COMMITTEE MEETING MINUTES
THURSDAY, APRIL 16, 2026
BOARDROOM

CALL TO ORDER: Chair von Wilpert called the Special Board and Capital Improvement Program Oversight Committee Meeting to order at 10:03 a.m., on Thursday, April 16, 2026, in the Boardroom of the San Diego International Airport, Administration Building, 2417 McCain Road, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Chair von Wilpert led the Pledge of Allegiance.

ROLL CALL:

Board

Present: Ball, Benzian, Kuperschmid, Perez, Sly (Vice Chair), Vaus, von Wilpert

Absent: Fox (Ex-Officio), Herrmann (Ex-Officio), Montgomery Steppe, Perrault (Ex-Officio), Sanchez

Capital Improvement Program Oversight Committee

Present: Benzian, Perez, von Wilpert (Chair)

Absent: Sanchez

Also Present: Atif Saeed, CEO/President; Amy Gonzalez, General Counsel; Annette Ortiz, Authority Clerk; Arely Valenzuela, Assistant Authority Clerk II; Sonja Banks, Assistant Authority Clerk II

NON-AGENDA PUBLIC COMMENT: None.

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the Minutes of the January 29, 2026, Special Meeting.

ACTION: Board Member von Wilpert moved approval of staff recommendation. Board Member Perez seconded the motion, which carried unanimously

2. PHASE 1B CONSTRUCTION AND FINANCE UPDATE:

Bob Bolton, Director, Airport Design & Construction, Brian DeLaura, Project Manager, Airport Design & Construction and Maya Dayan, Director, Finance & Airline Relations provided a presentation on Phase 1B Construction and Finance Update that included NT1 Project Timeline and Milestones; NT1 Terminal and Roadways Phase 1B Update; Removal of Existing MSE Wall and Shoring Installation; Installation of Apron Utilities; Concrete Pumper Pour 1, Installation of Steel Columns and Beams, Airside Improvements, NT1 Campus Wide Logistics Plan and a New T1 Program Budget, including Contingency Use Summary.

3. NT1 OFFSITE ROADWAY IMPROVEMENTS:

Chris George, Program Manager, Airport Design & Construction, Megan Ulery, Sr. Project Manager, Airport Design & Construction, Jonathan Heller, Communications Program Director, Marketing & Communications, provided a presentation on New T1 Offsite Roadway Improvements, Project Overview, High Level Project Scope, Stakeholder Summary, and Project Schedule.

BOARD WORKSHOP:

4. PROPOSED CAPITAL PROGRAM BUDGET FOR FISCAL YEARS 2027-2031:

Ralph Redman, Program Manager, Airport Design and Construction and Maya Dayan, Director, Finance and Airline Relations provided a presentation on the Capital Program Budget Fiscal Years 2027-2031 that included Capital Program Overview; Proposed New Capital Projects (4); Taxi Alpha (TWY A) Extension; Terminal 2 Escalator and Elevator Replacements; Fire Alarm System Update; Southside Taxi/TNC Hold Lot Access Control Proposed Fiscal Years 2027-2031 Capital Program; and Proposed Fiscal Years 2027-2031 Capital Program Preliminary Sources of Funds.

Board Member Vaus left the meeting at 11:15 a.m.

COMMITTEE AND BOARD MEMBER COMMENTS: Board Member von Wilpert expressed concerns about the recent government shutdown and its effect on TSA agents. She requested that the Airport Authority explore the possibility of creating a temporary airport shutdown fund to assist TSA agents if another prolonged shutdown occurs.

ADJOURNMENT: The meeting adjourned at 11:20 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
BOARD THIS 4TH DAY OF MAY 2026.

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD MEETING MINUTES
THURSDAY, MAY 7, 2026
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
BOARDROOM

CALL TO ORDER: Chair Ball called the Meeting of the San Diego County Regional Airport Authority Board to order at 9:08 a.m. on Thursday, May 7, 2026, in the Boardroom at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Chair Ball led the Pledge of Allegiance.

ROLL CALL:

PRESENT: Board Members: Ball (Chair), Benzian, Fox (Ex-Officio),
Herrmann (Ex-Officio), Perez, Sanchez, Sly,
Vaus

ABSENT: Board Members: Kuperschmid, Montgomery Steppe, Perrault
(Ex-Officio), von Wilpert

ALSO PRESENT: Atif Saeed, President/CEO; Amy Gonzalez, General Counsel; Annette
Fagan Ortiz, Authority Clerk; Sonja Banks, Assistant Authority Clerk II;
Patricia Willis, Assistant Authority Clerk II

Board Member Sanchez arrived at the meeting at 9:11 a.m.

Board Member Perez arrived at the meeting at 9:15 a.m.

PRESENTATIONS:

A. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2026:

Scott Brickner, Vice President and Chief Financial Officer, provided a presentation on the Review of the Unaudited Financial Statements for the Nine Months Ended March 31, 2026, and 2025, that included, Operating and Non-Operating Expenses, Financial Summary, and Statement of Net Position.

PUBLIC COMMENT:

ADRIAN KWIATKOSKI, San Diego, CA, asked the Board and Authority Staff to justify why the need for increasing the trip fee and adding the drop off fee.

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

- **AUDIT COMMITTEE:** Board Member Sanchez reported that the Committee last met on May 4, 2026. She reported that the Meeting Agenda included, Required Communications from the External Financial Audit Firm of Plante Moran, a Third Quarter Activity Report from the Office of the Chief Auditor, the Office of the Chief Auditor's Fiscal Year 2027 Risk Assessment and Audit Plan, and a review of the Fiscal Year 2027 Budget for the Office of the Chief Auditor. The required items will be included in the Board's consent agenda for the June Meeting.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** Board Member Perez reported that the last CIPOC Meeting was held on April 16, 2026, where staff presented New T1 Phase 1B Construction and Logistics Updates, as well as the Off-Airport Intersection Mitigation Project Update. Staff also presented on the Fiscal Year 2027 Board Workshop for the Capital Improvement Program which included the current status of the program and the four projects being proposed for the Fiscal Year 2027 – 2031 Capital Program.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None
- **FINANCE COMMITTEE:** Board Member Sly reported that the Finance Committee last met on April 27, 2026. At the meeting, the Committee reviewed the Unaudited Financial Statements for the Nine Months ended March 31, 2026, as well as the Authority Investment Report as of March 31, 2026.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** Board Member Benzian reported that the Authority Advisory Committee has not met since the last Board Meeting. The next meeting is scheduled for July 23, 2026.
- **ARTS ADVISORY COMMITTEE:** Board Member Benzian reported that SAN's Performing Arts Resident, A Step Beyond, has been performing their new dance work "Migration: Making a Home in Transit" in Terminal 1. The group was featured on the April 17 cover of the San Diego Union-Tribune.

LIAISONS

- **CALTRANS:** None

- **INTERGOVERNMENTAL AFFAIRS:** Chair Ball reported on April 30, 2026, Congress passed, and the President signed, a funding deal for the Department of Homeland Security, ending the two and a half month long partial government shutdown. Transportation Security Administration funding includes key wins for airports, such as support for TSA law enforcement officers and canine team reimbursement programs, as well as increased funding for security and identity verification technologies. She reported that in Sacramento, the Governor and Legislature are focused on the May Revision of the state budget which faces significant cost pressures and a volatile revenue forecast. In addition, thousands of legislative proposals continue to be debated. The deadline for policy committees to hear and refer bills that require new state spending to fiscal committees was April 24, ahead of the bi-annual Appropriations “Suspense” file committee hearing on May 15.
- **MILITARY AFFAIRS:** Board Member Col. Herrmann reported that the Vice President of the United States visited the Marine Corp Air Station in Miramar last week. He also reported that in June, the NASCAR Race will be at the Navy Air Station on North Island and that MCAS Miramar will be working with the Navy to relocate some of their aircraft up to Miramar so that operations can continue.
- **PORT:** None
- **WORLD TRADE CENTER:** None

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:** Board Member Sly reported that the SANDAG Board of Directors have met twice since the last Board Meeting. At the first meeting, the Board considered the FY 2027 Transit Capital Improvement Program. At the second meeting, the Board considered the State Route 11/Otay Mesa East Port of Entry Project Update and Approval of Proposed Contract Award for the Non-Intrusive Inspection Technology Services.
- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Sanchez reported that the SANDAG Transportation Committee last met on April 17, 2026. At that meeting, the Committee reviewed the Independent Taxpayer Oversight Committee Report on Initial Findings and Recommendations of the FY 2025 TransNet Fiscal and Compliance Audits. The Committee also received a presentation on the San Diego Regional Vehicle Miles Traveled Mitigation Study.

CHAIR REPORT: Chair Ball reported that she is pleased to be joining the Airport Authority Board of Directors and that she looks forward to working with the Board Members and the Airport Authority staff to continue the work of this organization.

PRESIDENT/CEO REPORT: Atif Saeed, President/CEO, reported that the partial federal government shutdown has ended, noting that on April 30 the House of Representatives passed a funding measure covering most of the Department of Homeland Security; the Senate had approved the legislation earlier on April 2, and it was subsequently signed into law on April 30. He highlighted strong airport performance in March, with approximately 2.3 million passengers, representing a 15 percent year-over-year increase. In terms of air service development, Alaska Airlines began new service to Tulsa, Dallas/Fort Worth, Oakland, and Raleigh-Durham, and resumed service to Santa Barbara, while Southwest Airlines launched new service to Santa Rosa. Continued growth is anticipated for April and May, with scheduled seat capacity increasing by approximately 10 percent. He reported that the airport's Emergency Management team successfully conducted the annual Emergency Operations Center exercise in coordination with the County Office of Emergency Services, simulating a 6.9 magnitude earthquake on the Rose Canyon fault line; he emphasized the importance of this training and acknowledged the Aviation Security & Public Safety team and participating departments for their efforts. He also reported that on April 23 the Authority co-hosted a Bring Your Kids to Work Day event with the Turner Flatiron Joint Venture, welcoming 115 youth participants who enjoyed activities including a tour of New Terminal 1, a discussion with a pilot, time with airport therapy dogs, and the opportunity to sign and decorate a steel beam for the New Terminal 2 connector project.

NON-AGENDA PUBLIC COMMENT:

CARELYN REYNOLDS, San Diego, CA, opposes the increase in the trip and drop off fees.

ADRIAN KWIATKOWSKI, San Diego, CA, voiced concerns over the proposed increase in trip and drop off fees and cited a lack of meaningful negotiation or collaboration with staff.

TONY HUESO, San Diego, CA, opposes the increase in the trip and drop off fees.

CONSENT AGENDA (ITEMS 1-9):

ACTION: Moved by Board Member Benzian and seconded by Board Member Sanchez to approve the Consent Agenda. Motion carried by the following votes: YES – Ball, Benzian, Perez, Sanchez, Sly, Vaus; NO – None; ABSENT – Kuperschmid, Montgomery Steppe, von Wipert (Weighted Vote Points: YES – 66; NO – 0; ABSENT – 34)

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the Minutes of the April 2, 2026, Regular Board Meeting.

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

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

3. AWARDED CONTRACTS AND APPROVED CHANGE ORDERS FROM MARCH 6, 2026, THROUGH APRIL 9, 2026, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM MARCH 6, 2026, THROUGH APRIL 9, 2026:

RECOMMENDATION: Receive the report.

4. MAY 2026 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2026-0025, approving the May 2026 Legislative Report.

5. APPOINTMENT OF AUTHORITY ADVISORY COMMITTEE MEMBER:

RECOMMENDATION: Adopt Resolution No. 2026-0026, appointing members to the Authority Advisory Committee.

6. ACCEPTANCE OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2026:

RECOMMENDATION: Accept the report.

7. ACCEPTANCE OF THE AUTHORITY INVESTMENT REPORT AS OF MARCH 31, 2026:

RECOMMENDATION: Accept the report.

CLAIMS:

COMMITTEE RECOMMENDATIONS:

CONTRACTS AND AGREEMENTS:

8. AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A FIRST AMENDMENT TO THE LEASE WITH THE DEPARTMENT OF THE NAVY REQUIRING RENT TO BE PAID IN ADVANCE RATHER THAN IN ARREARS:

RECOMMENDATION: Adopt Resolution No. 2026-0027, authorizing the President/CEO to negotiate and execute a First Amendment to the Lease with the Department of the Navy to require that rent be paid in advance rather than in arrears.

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

9. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A 2ND AMENDMENT TO THE AGREEMENT WITH SITA INFORMATION NETWORKING COMPUTING USA, INC. FOR COMMON USE SYSTEM:

RECOMMENDATION: Adopt Resolution No. 2026-0028, approving and authorizing the President/CEO to execute a Second Amendment to the Agreement with SITA Information Networking Computing USA, Inc. for Common Use System, adding an additional Eight Hundred and Nineteen Thousand Three Hundred and Eighty-Five Dollars (\$819,385) increasing the total maximum amount payable to Twelve Million Five Hundred and Twenty-Four Thousand Eight Hundred and Eighty-Five Dollars (\$12,524,885) over the entire term of the agreement.

PUBLIC HEARINGS:

CONTINUED BUSINESS:

The Board recessed at 9:39 a.m. and reconvened at 9:41 a.m.

CLOSED SESSION: The Board recessed into Closed Session at 9:41 a.m. to hear Item 10, one case and Item 12.

10. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 Number of potential Cases: 2

11. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9
Name of Case: San Diego County Regional Airport Authority v. AQ US SW Holding Co., et al., San Diego Superior Court Case No. 37-2023-00032124-CU-BC- CTL

12. THREAT TO PUBLIC SERVICES OR FACILITIES:

Consultation with Lee Parravano, Chief Auditor; Jessica Bishop, Director, Information & Technology Services; and Clint Welch, Director, Aviation Security and Public Safety.

REPORT ON CLOSED SESSION: The Board adjourned out of Closed Session at 10:27 a.m. There was no reportable action.

GENERAL COUNSEL REPORT:

BOARD COMMENT:

ADJOURNMENT: The meeting adjourned at 10:27 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
BOARD THIS 4TH DAY OF JUNE 2026.

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY SPECIAL BOARD
BUDGET WORKSHOP MINUTES
THURSDAY, MAY 14, 2026
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
BOARDROOM

CALL TO ORDER: Chair Ball called the Special Meeting of the San Diego County Regional Airport Authority Board to order at 9:09 a.m. on Thursday, May 14, 2026, at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Chair Ball led the Pledge of Allegiance.

ROLL CALL:

PRESENT: Board Members: Ball (Chair), Benzian, Kuperschmid,
Montgomery Steppe, Perez, Sly

ABSENT: Board Members: Sanchez, Vaus, von Wilpert

ALSO PRESENT: Atif Saeed, President/CEO; Amy Gonzalez, General Counsel; Annette Fagan Ortiz, Authority Clerk; Patricia Willis, Assistant Authority Clerk II; Sonja Banks, Assistant Authority Clerk II

BUDGET WORKSHOP:

1. DISCUSSION REGARDING THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FISCAL YEAR 2027 PROPOSED BUDGET AND FISCAL YEAR 2028 PROPOSED CONCEPTUAL BUDGET:

Scott Brickner, Vice President/CFO, and Maya Dayan, Director of Finance & Airline Relations, provided the presentation on the Fiscal Year 2027 Proposed Budget and Fiscal Year 2028 Conceptual Budget, that included the Strategic Plan; Economic, Industry, and Credit Overview; Budget Process-Revenue and Expenses; Budget Summary; Capital Program Budget; and Financial Metrics. Additionally, Hampton Brown, Vice President/CRO, and Marc Nichols, Director of Landside Business Development, provided a presentation on Ground Transportation (GT) Revenue, that include the Purpose of the Adjustment, Access Fee Framework, Development of a uniform user-based model, Code Convergence, and Stakeholder Consultations on Access fees for 2025–2026.

Board Member Montgomery Steppe arrived at the meeting 10:00 a.m.

BOARD MEMBER COMMENTS ON ITEM 1:

Board Member Perez acknowledged the goal of consistency and recovering infrastructure costs, but questioned whether uniform standards account for operational differences across all modes. He expressed concern that equal treatment may not be equitable and asks whether adjustments have been considered to create a more balanced approach.

Board Member Sly noted that taxi representatives have expressed a desire to be included in the process and asked how often staff have engaged with taxi and transportation partners since January 2025.

Marc Nichols, Director of Landside Business Development, reported that eight stakeholder meetings have been held since January 2025.

Board Member Benzian expressed concern about shifting the fee burden onto taxis, noting sympathy for the industry. He emphasized that responsibility should not be deferred and suggested the Airport Authority should acknowledge and assume accountability.

Marc Nichols, Director of Landside Business Development, confirmed that the Authority takes ownership of the access fee.

Board Member Kuperschmid questioned if there is a cost involving the meter and software installation to transportation operators.

Marc Nichols, Director of Landside Business Development, replied that there is no additional cost to operators.

Board Member Montgomery Steppe shared concerns regarding creating more uniform fees but raised concerns that equalizing rates may not account for external regulations and differing impacts across service types. Emphasized the need to consider equity, noting that similar fees could affect each mode differently.

PUBLIC COMMENTS ON ITEM 1:

CARELYN REYNOLDS, Transportation Alliance Group (TAG), San Diego, provided a handout and expressed opposition to the proposed Access Fee plan.

SELIM ASLAN, Greater California Livery Association (GCLA), National City, provided a handout and stated that while stakeholders shared concerns, further collaboration is needed. He urged the Board to reject the 5% annual increases and round-trip fees, instead adopting a one-year increase and engaging stakeholders to develop a sustainable plan.

TONY HUEZO, USA Cab and Transportation Alliance Group member, San Diego, spoke in opposition of the proposed Access Fee plan.

ADJOURNMENT: The meeting adjourned at 10:23 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 4TH DAY OF JUNE 2026.

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: June 4, 2026

Subject:

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

Recommendation:

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

Background/Justification:

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

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

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

Fiscal Impact:

Board and Committee Member Compensation is included in the FY 2025 Budget.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

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

Prepared by:

Annette Fagan Ortiz
Authority Clerk

Attachment A

Added to packet 06-02-2026

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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

Period Covered: January - June 4 2026		
Board Member Name: Whitney Benzian		
Date: June 4, 2026		
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	Board/ALUC meeting. - January 8, 2026 - January 26, 2026 (Special mtg) - February 5, 2026 - March 2, 2026 - May 7, 2026	Board rm.
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	CIPOC Meeting - January 29, 2026 - April 16, 2026	Board rm.
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	Advisory Meeting - November 20, 2025	Board rm.
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	Ground Transportation Fee Briefing Budget Workshop - May 14	Closed session room.
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature: Whitney Benzian 06/02/26

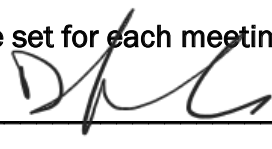
BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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

Period Covered:	May 1 - 30, 2026	
Board Member Name:	Daniel Kuperschmid	
Date:	5/27/26	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☐ Brown Act ☒ Pre-approved ☐ Res. 2019-0074	5/5/26 /9am/ Admin4 ATC/Ground Transportation Briefing	Briefing on Ground Transportation
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/14/26 / 9am/ Admin1 Board Room/ Budget Workshop	2028 Budget Workshop and review
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/18/26 / 12p / Admin1 Board Room / Audit Committee meeting and special board meeting	Board candidate interviews and voting
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/21/26 / 12pm / Admin4 - ATC/ Board Orientation	Board Orientation with SLT
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature: _____

 6/1/26



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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

Period Covered:	May 1, 2026 - May 31, 2026	
Board Member Name:	Monica Montgomery Steppe	
Date:	6/1/26	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	May 4, 2026, 10am-1pm, Board Room	Audit Committee Meeting
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	May 14, 2026, 9am - 12pm, Board Room	Budget Workshop
☐ Brown Act ☒ Pre-approved ☐ Res. 2019-0074	May 15, 2026, 10am, Judge West	Airport Mediation Meeting
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	May 18, 12pm-1:30pm, Board Room	Special Audit Committee Meeting and Special Board Meeting
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature: _____

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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

Period Covered:	May 2026	
Board Member Name:	Steve Vaus	
Date:	5/27/26	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/4/26: McCain Road, San Diego Headquarters	Audit Committee Meeting
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/7/26: McCain Road, San Diego Headquarters	Board/ALUC Meeting
☒ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/12/26: Teams Meeting	Ground Transportation Fees Meeting
☒ Brown Act ☒ Pre-approved ☐ Res. 2019-0074	5/15/26: 402 W. Broadway, San Diego	HPD Mediation
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature: Steve Vaus Digitally signed by Steve Vaus
Date: 2026.05.27 17:05:24 -07'00'

Staff Report

Meeting Date: June 4, 2026

Subject:

Awarded Contracts Approved Change Orders from April 10, 2026, through May 7, 2026, and Real Property Agreements Granted and Accepted from April 10, 2026, through May 7, 2026

Recommendation:

Receive the report.

Background/Justification:

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

Fiscal Impact:

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

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

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

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

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

Prepared by:

Jana Vargas
Director, Procurement

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 10, 2026 THROUGH May 7, 2026

New Contracts

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
4/14/2026		San Diego Tourism Authority	The Contractor will provide an advertising services to promote awareness of Authority products and services for the San Diego County Regional Airport Authority.	Informal RFB	Customer Experience	\$8,500.00	5/31/2027
4/20/2026		Alliant Insurance Services, Inc.	The Contractor will provide Health and Wellness Broker Services for the San Diego County Regional Airport Authority.	Consortium	Human Resources	\$475,000.00	5/31/2029
4/22/2026		Mythics VIII, LLC	The Contractor will provide Oracle Primavera Schedule Cloud Service for the San Diego County Regional Airport Authority.	Consortium	Information & Technology Services	\$5,347.21	9/8/2027
4/23/2026		Coro Medical	The Contractor will provide Two (2) Stryker Chairs for the San Diego County Regional Airport Authority.	Informal RFB	Aviation Security & Public Safety	\$10,747.26	6/1/2026
4/27/2028		The Predictive Index	The Contractor will provide Behavioral and Personality Assessments for the San Diego County Regional Airport Authority.	Informal RFP	Human Resources	\$49,692.00	4/25/2028
4/29/2026		De La Torre Brothers, Inc.	The Contractor will provide design and consulting services for a glass façade at the T2E Connector Building at the San Diego International Airport.	RFQ	Customer Experience	\$770,000.00	4/27/2031
5/1/2026		Conscious Water Company Incorporated	The Contractor will provide water delivery services for the Aviation Security & Public Safety Department at the San Diego County Regional Airport Authority.	Informal RFP	Aviation Security & Public Safety	\$48,500.00	4/27/2029
5/1/2026		Zones, LLC	The Contractor will provide Dell Pro Micro Desktops for the San Diego County Regional Airport Authority.	Consortium RFP	Information & Technology Services	\$369,776.60	5/27/2026
5/5/2026		Source Graphics	The Contractor will provide plotter maintenance services for the San Diego County Regional Airport Authority.	Informal RFP	Facilities Management	\$1,695.00	5/4/2027
5/5/2026		PowerFlex	The Contractor will provide operation and maintenance services for 185 electronic vehicle charging stations at the San Diego International Airport.	Sole Source	Landside Business Development	\$75,000.00	2/28/2030
5/6/2026		PowerFlex	The Contractor will provide software system and support services for the EV charging systems at the San Diego International Airport.	Sole Source	Landside Business Development	\$277,500.00	2/28/2030

Attachment "A"**AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 10, 2026 THROUGH May 7, 2026****New Contracts Approved by the Board**

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
4/20/2026	381406	S & L Specialty Construction, Inc.	The Contract was approved by the Board at the February 5, 2026 Board Meeting. The Contractor will provide sound attenuation improvements for certain residences around the San Diego International Airport.	RFB	Planning, Noise, & Environment	\$1,296,600.00	12/19/2026
5/6/2026	381407	G&G Specialty Contractors, Inc.	The Contract was approved by the Board at the April 2, 2026 Board Meeting. The Contractor will provide sound attenuation improvements for certain residences around the San Diego International Airport.	RFB	Planning, Noise, & Environment	\$1,584,626.00	2/17/2027

Attachment "A"									
AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 10, 2026 THROUGH May 7, 2026									
Amendments and Change Orders									
Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value (%) (+ / -)	New Contract Value	New End Date
4/15/2026		Sundt Construction, Inc.	The First Amendment increases the maximum amount payable for additional services needed to support the Terminal 2 West Pipe Replacement Project. The Contractor provides program management support services at the San Diego International Airport.	Planning, Noise, & Environment	\$250,085.84	\$25,008.58	10.0%	\$275,094.42	12/31/2026
4/15/2026		Print-O-Tape, LLC to Smythe Companies, LLC	The Assignment and Consent Agreement transfers the amount of \$92,632.64 from Print-O-Tape, LLC to Smythe Companies, LLC. The Contractor will provide Self Service Baggage Tag Rolls for San Diego County Regional Airport Authority.	Information & Technology Services	\$400,000.00	\$0.00	0.0%	\$400,000.00	9/10/2026
4/18/2026		Statewide Stripes, Inc.	The First Amendment is to amend the Compensation and Payment Schedule to incorporate unit cost adjustments for the First option year based on Consumer Price Index (CPI-U) and update the Federal Aviation Administration Regulations. The Contractor will provide On-Call Roadway Painting and Slurry Sealing Services at the San Diego International Airport.	Facilities Management	\$6,812,000.00	\$0.00	0.0%	\$6,812,000.00	11/30/2026
4/20/2026		Click Netherfield, Inc.	The First Amendment is to extend the term for Ninety (90) days, make changes to "Exhibit B - Compensation and Payment Schedule" into milestones and update the Federal Aviation Administration Regulations. The Contractor provides Modular Free-Standing Art Display Cases at the San Diego International Airport.	Customer Experience	\$255,758.92	\$0.00	0.0%	\$255,758.92	8/6/2026
4/30/2026		Aptaero, Inc.	The Second Amendment extends the agreement ninety (90) days, increases the amount payable, and updates the Federal Aviation Administration Regulations. The Contractor will provide SAN Pass Services at the San Diego International Airport.	Customer Experience	\$53,000.00	\$11,250.00	21.2%	\$64,250.00	9/10/2026
5/4/2026		Tetra Tech, Inc.	The First Amendment amends the Federal Aviation Administration Regulations and updates Exhibit B to include hourly rates for option years 4 and 5 of the agreement. The Contractor will provide On-Call Industrial Hygiene for the San Diego County Regional Airport Authority.	Planning, Noise, & Environment	\$1,500,000.00	\$0.00	0.0%	\$1,500,000.00	4/30/2026
5/6/2026		Social Space, LLC	The Third Amendment extends the agreement term for 90-days and updates the FAA Regulations. No additional monies are requested. The Contractor will provide artwork at the San Diego International Airport.	Customer Experience	\$704,000.00	\$0.00	0.0%	\$704,000.00	5/17/2026
5/6/2026		Nova Jiang Studio, LLC	The Third Amendment extends the agreement term for 90-days and revises the warranty term to two (2) years. No additional monies are requested. The Contractor will provide artwork at the San Diego International Airport.	Customer Experience	\$704,000.00	\$0.00	0.0%	\$704,000.00	5/27/2026
5/6/2026		Reaction Marketing & Promotions, Inc.	The First Amendment amends Exhibits A & B of the agreement to add scope of work and increase the total amount payable. The Contractor will provide on-call musician performances at the San Diego International Airport.	Customer Experience	\$850,000.00	\$85,000.00	10.0%	\$935,000.00	2/28/2027

Attachment "A"									
AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 10, 2026 THROUGH May 7, 2026									
Amendments and Change Orders									
Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value (%) (+ / -)	New Contract Value	New End Date
5/6/2026		PMWeb, Inc.	The First Amendment amends the scope of work to include hosting services and increases the total amount payable. The Contractor provides license and PMWeb software support services for the San Diego County Regional Airport Authority.	Information & Technology Services	\$774,083.33	\$77,408.33	10.0%	\$851,491.66	2/2/2027

Attachment "A"**AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 10, 2026 THROUGH May 7, 2026****Amendments and Change Orders Approved by the Board**

Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value (%) (+ / -)	New Contract Value	New End Date
3/9/2026		HKA Global, Inc.	The First Amendment was approved at the March 2, 2026 Board Meeting. The amendment extends the Term of the Agreement by 18 months. There is no increase in the maximum amount payable. The Contractor will provide e-construction project management software system services for the San Diego County Regional Airport Authority.	Information & Technology Services	\$900,000.00	\$0.00	0.0%	\$900,000.00	1/22/2028

Attachment "B"

REAL PROPERTY AGREEMENTS EXECUTED FOR April 10, 2026 through May 7, 2026

Real Property Agreements (Per Board Policy 6.01)

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
3/1/1936	14028	San Diego Unified Port District	ROELA	Multiple along Pacific Hwy	To enter sites for construction work as part of the mitigation for NT1.	3,949	\$0.00	None

Real Property Agreement Amendments and Assignments (Per Board Policy 6.01)

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
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No Real Property Agreements Amendments and Assignments During this Period

Staff Report

Meeting Date: June 4, 2026

Subject:

June 2026 Legislative Report

Recommendation:

Adopt Resolution No. 2026-0029, approving the June 2026 Legislative Report.

Background/Justification:

The Authority's Legislative Advocacy Program Policy requires that staff present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. The Authority Board provides direction to staff on legislative issues by adoption of a monthly Legislative Report (Attachment A). The June 2026 Legislative Report updates Board members on legislative activities that have taken place since the previous Board meeting. In directing staff, the Authority Board may take a position on pending or proposed legislation that has been determined to have a potential impact on the Authority's operations and functions.

Federal Legislative Action

In Washington, the Department of Homeland Security (DHS) partial shutdown is over after lasting for 76 days. Congress passed legislation to fund all DHS agencies excluding Immigration and Customs Enforcement (ICE), and parts of Customs and Border Protection (CBP) for FY26, and now turns to the budget reconciliation process, which is a partisan process with special rules that allows certain legislation to bypass the Senate Filibuster. Although ICE and CBP still have funding through the One Big Beautiful Bill Act, Republican leaders are seeking to separately fund ICE and CBP for three years through Reconciliation. Legislation to implement reconciliation has been introduced in the Senate.

Congress has also begun the FY 2027 appropriations process. In the House, the Appropriations Committee has advanced multiple appropriations bills to floor consideration. A full Committee markup of the FY27 Transportation, Housing, and Urban Development, and Related Agencies Bill is scheduled for early June. In the Senate, the Senate Appropriations Committee is expected to begin considering appropriations

language in June. In the meantime, several Subcommittee deadlines have passed for Senators to disclose their appropriations requests. Upon request Senator Padilla has requested \$880,000 for San Diego International Airport to support the Authority's Airport Drainage and Infrastructure Resilience Initiative. It is expected that a continuing resolution will be necessary to extend funding past the upcoming September 30 deadline.

In other federal aviation news, the President has nominated industry executive David Cummins to be Administrator of the Transportation Security Administration. Cummins is currently a senior vice president at Serco, a federal government services contractor. The Senate Commerce and Homeland Security Committees have yet to schedule expected nomination hearings.

The Authority's legislative team continues to actively review and analyze bills for potential impacts on the Authority and San Diego International Airport. On May 13th, Representative Dale Strong (R-AL) introduced (H.R.8770), a companion House version of S. 2378, the SAFEGUARDS Act of 2025, which SDCRAA supports. This bill would use funds from an aviation security fee to help the Transportation Security Administration fund and install new security equipment such as explosive detection systems, credential authentication technology machines, computed tomography machines, automated exit lanes. The Authority's legislative team recommends that the Board adopt a support position on the newly introduced House companion SAFEGUARDS Bill (H.R.8770).

State Legislative Action

In Sacramento, Governor Newsom and state lawmakers are working to finalize the state budget for the 2026-27 fiscal year and advance nearly two thousand legislative proposals ahead of the summer recess that begins July 3.

On May 14, Governor Newsom released his revised budget proposal. The \$350 billion plan addresses a multi-year structural state budget deficit as the state braces for the impacts of changes to federal spending policy. The budget plan highlights the state's effort to put more funds into its Rainy Day reserve to prepare for significant social safety net cost increases. The legislature must develop a counterproposal by June 15 and finalize the plan with the Governor by June 30.

The Authority's legislative team is reviewing and monitoring legislative and budget discussions for any new opportunities available to support the Authority's initiatives and operations.

The Authority's legislative team does not recommend that the Board adopt any new positions on state legislation at this time.

Staff Report

Meeting Date: June 4, 2026

Page 3 of 3

Fiscal Impact:

Not applicable.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

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

Prepared by:

Matt Harris
Director, Government Relations & Strategy

RESOLUTION NO. 2026-0029

A RESOLUTION OF THE BOARD OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY
APPROVING THE JUNE 2026 LEGISLATIVE REPORT

WHEREAS, the San Diego County Regional Airport Authority (“Authority”) operates San Diego International Airport and plans for necessary improvements to the regional air transportation system in San Diego County, including serving as the responsible agency for airport land use planning within the County; and

WHEREAS, the Authority has a responsibility to promote public policies consistent with the Authority’s mandates and objectives; and

WHEREAS, Authority staff works locally and coordinates with legislative advocates in Sacramento and Washington, D.C. to identify and pursue legislative opportunities in defense and support of initiatives and programs of interest to the Authority; and

WHEREAS, under the Authority’s Legislative Advocacy Program Policy, the Authority Board provides direction to Authority staff on pending legislation; and

WHEREAS, the Authority Board, in directing staff, may adopt positions on legislation that has been determined to have a potential impact on the Authority’s operations and functions.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the June 2026 Legislative Report (“Attachment A”); and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June 2026, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

June 2026 Legislative Report

State Legislation

New Assembly Bills

None

*Shaded text represents new or updated legislative information

Assembly Bills from Previous Report

Legislation/Topic

AB 810 (Irwin): Local government: internet websites and email addresses

Background/Summary

Current law requires cities and counties that have a publicly available internet website to use a ".gov" or a ".ca.gov" domain no later than January 1, 2029. Current law allows an agency to maintain a noncompliant domain (".com" or ".org") so long as it redirects users to a ".gov" or ".ca.gov" domain. Existing law also requires cities and counties, that maintain public email addresses, to ensure that each email address provided to its employees uses a ".gov" or ".ca.gov" domain no later than January 1, 2029.

This bill would expand the requirement to adopt a ".gov" or ".ca.gov" domain to special districts, joint power authorities, or other political subdivisions by January 1, 2031. This bill provides newly covered agencies the same flexibility, as in current law, to redirect visitors to compliant internet domains from their legacy domains.

The state and federal government have encouraged the adoption of 'top-level' security domains such as ".gov" due to their heightened security features including multifactor authentication, consumer privacy tools, and improved cyber threat communication. The federal Cybersecurity and Infrastructure Security Agency (CISA) sponsors the ".gov" domain and makes it available solely to United States based government organizations and publicly controlled entities. A ".gov" domain is available without a fee for agencies that qualify.

Anticipated Impact/Discussion

This bill would require the Authority to adopt a ".gov" website domain by January 1, 2031. The bill would allow the Authority to maintain its current domain (www.san.org) so long as it redirects visitors to the subsequently developed ".gov" address. Authority staff would need to assess and incur costs to complete the process for requesting and adopting a ".gov" domain. In addition, the Authority staff would need to assess its use of the current domain name in public outreach and communication, advertisements, and internal documents. The bill may result in heightened cybersecurity for the Authority and public visitors to its website.

Status: 01/23/2026 – Failed

Position: Watch (05/01/2025)

*Shaded text represents new or updated legislative information

New Senate Bills

None

*Shaded text represents new or updated legislative information

Senate Bills from Previous Report

Legislation/Topic

SB 239 (Arreguín): Open meetings: teleconferencing: subsidiary body

Background/Summary

Current law authorizes state advisory boards, commissions, committees, and subcommittees or similar multimember advisory bodies to hold a meeting by teleconference without posting participants' physical location until January 1, 2026 [SB 544 (Laird) Stats. 2023, Chapter 216]. This bill would provide a narrow exemption under the Ralph M. Brown Act for local government "subsidiary bodies", such as advisory bodies and commissions, to participate in two-way virtual teleconferencing without posting the physical location of members. This bill prescribes requirements to provide public access to the meetings of subsidiary bodies, including the requirement to provide a physical location from which the public can participate in meetings. This bill also limits the use of the exemption to subsidiary bodies with certain subject matter jurisdiction.

Anticipated Impact/Discussion

This bill aligns with the Authority Board's adopted Culture Statement which highlights the importance of diversity within the organization. SB 239 aims to increase both civic engagement and diversity on boards and commissions by removing certain in-person requirements for participation. While this measure would not be applicable to the full Authority Board (a decision-making body), or elected officials, SB 239 would apply to the non-decision-making bodies of the Authority Board including its committees, such as the Airport Noise Advisory Committee (ANAC), which has seen reduced engagement and attendance since COVID-19 restrictions were lifted. This bill is substantively similar to AB 817 (Pacheco; 2023) which the Authority supported in the prior legislative session.

Status: 01/27/2026 – Assembly Desk

Position: Watch (04/03/2025)

Legislation/Topic

SB 661 (Hurtado): Airports: financial assistance

Background/Summary

This bill establishes a framework to redirect aviation fuel tax revenues toward airports and for aviation-related purposes. By doing so, the bill advances federal compliance while strengthening California's aviation system and supporting economic development, regional connectivity, emergency response, and workforce opportunities across the state.

Current law requires retailers of aircraft jet fuel to report quarterly to California Department of Fee and Tax Administration (CDTFA) on their sales of aircraft jet fuel. CDTFA is required to post information from these reports online on a quarterly basis to comply with Federal Aviation Administration (FAA) policy.

Anticipated Impact/Discussion

For more than a decade, the Federal Aviation Administration (FAA), the California Department of Finance (DOF), state legislators, the California Airport Council (CAC), and the Authority have been engaged in ongoing discussions about the proper use of aviation fuel tax revenues. Since 2012, California has redirected these revenues to the state General Fund rather than to airports. In 2014, the FAA reaffirmed its longstanding position that aviation fuel taxes must be used solely for airport purposes and state aviation programs.

The FAA maintains that California is not yet in compliance, while DOF continues to posit that the state meets federal requirements. Deliberations will continue this legislative session, and the Authority will remain actively engaged with CAC as the issue moves forward.

Status: 07/07/2025 – Awaiting Hearing in Assembly Revenue and Taxation

Position: Watch (05/07/2026)

Legislation/Topic

SB 1159 (Cabaldon): Artificial intelligence: transparency and governance

Background/Summary

This bill clarifies that artificial intelligence (AI) systems, autonomous agents, and nonhuman entities are not considered “persons” or “members of the public” under key governance statutes, including the Public Records Act (PRA), Brown Act, California Environmental Quality Act, and the Administrative Procedure Act. The bill aims to prevent automated systems from overwhelming agencies with PRA requests, comments, or petitions.

Anticipated Impact/Discussion

With the growing use of generative AI tools, including new systems designed to overwhelm local governments by generating mass public records requests, comments, and petitions, this bill could reduce administrative burden and reinforce that public engagement should be inherently human. This bill will support response to legitimate requests and public engagement.

Status: 05/04/2026 – Assembly Desk

Position: Support (05/07/2026)

Federal Legislation

New House Bills

Legislation/Topic

H. 8770 (Strong): The SAFEGUARDS Act of 2025

Background/Summary

Using revenue generated from the September 11 Security Fee, the *Spending Aviation Fees for Equipment, Guaranteeing Upgraded and Advanced Risk Detection and Safety (SAFEGUARDS) Act* (S. 2378) would help the Transportation Security Administration (TSA) fund and install new security equipment like explosive detection systems, credential authentication technology machines, computed tomography machines, and automated exit lanes. Specifically, the bill would increase the current set aside for the Aviation Security Capital Fund from \$250 million per year to \$500 million per year and establish a new set aside for an Aviation Security Checkpoint Technology Fund at \$250 million per year.

Anticipated Impact/Discussion

This legislation aims to speed up long acquisition timelines at TSA. The bill would direct revenue from the existing 9/11 security fee fund toward much needed security upgrades that include explosive detection systems, credential authentication technology, computed tomography machines, and automated exit lanes. If enacted, this bill would increase passenger safety and streamline airport operations nationwide to provide a better overall passenger experience.

Status: 05/13/2026 – Introduced

Position: Support (06/04/2026)

*Shaded text represents new or updated legislative information

House Bills from Previous Report

Legislation/Topic

H.R. 3754 (Cohen) / S. 1966 (Duckworth): The Don't Miss Your Flight Act

Background/Summary

The bill would direct the Department of Transportation (DOT) to establish and carry out a program to provide grants to states, Tribal communities, or local governments for projects that (1) connect to a public airport; (2) make improvements on land that is on or within five miles of that public airport, and (3) reduce congestion, expands capacity, provides access to under-connected areas, or rehabilitates roadway, rail, or transit infrastructure (including bridges, tunnels, and rolling stock).

Anticipated Impact/Discussion

This bill would establish a \$1 billion-per-year grant program from Fiscal Year 2027 – 2031 to fund surface transportation projects, such as roads, transit, and rail, that improve access to public airports, particularly large and medium hub airports. The bill aims to reduce congestion, enhance multimodal connectivity, and expand access to under-connected areas within five miles of airports. It also allows flexibility in meeting non-federal cost share through tools like the Transportation Infrastructure Finance and Innovation Act (TIFIA) program and Passenger Facility Charges. If enacted, the bill would create new opportunities for state and local governments to secure funding for airport-adjacent infrastructure and reflects a growing emphasis on improving the full passenger journey to support economic mobility and system efficiency.

Status: 06/06/2025 - Referred to the House Committee on Transportation and Infrastructure / Senate Committee on Environment and Public Works

Position: Support (07/10/2025)

Legislation/Topic

H.R. 3746 (Amodei): The Rebuilding America's Airport Infrastructure Act

Background/Summary

The bill would modify the Passenger Facility Charge (PFC) program administered by the Federal Aviation Administration (FAA). Specifically, the bill proposes a phased increase to the maximum allowable PFC, raising the current cap of \$4.50 per passenger to \$5.50 for a one-year period beginning on January 1, 2027. The cap would then increase to \$6.50 in 2028, \$7.50 in 2029, and \$8.50 in and after 2030. Additionally, the bill requires the FAA to establish a pilot program to provide grants to states, Tribal communities, and localities.

Anticipated Impact/Discussion

H.R. 3746 would modernize airport funding by gradually increasing the cap on the Passenger Facility Charge (PFC), enabling airports to raise significantly more local revenue for infrastructure improvements. This change would help airports advance critical projects such as terminal upgrades and runway expansions, reduce reliance on federal funds, and improve the passenger experience. The bill also establishes a pilot grant program to support infrastructure needs in states, Tribal communities, and localities. The Authority has long supported an increase in the PFC (which hasn't been adjusted for 25 years) and it is included in the Authority's 2025 Legislative Agenda.

Status: 06/06/2025 - Referred to the House Transportation and Infrastructure Committee Subcommittee on Aviation

Position: Support (07/10/2025)

Legislation/Topic

H.R. 2353 (Langworthy): The Safer Skies Act of 2025

Background/Summary

This bill requires the Transportation Security Administration (TSA) to implement the Aircraft Operator Standard Security Program (ASOSSP), commonly known as the AOP Standard Security program. Under the program, aircraft operators must conduct common carriage passenger-carrying operations for compensation or hire for which the certificate holder or a representative of such certificate holder offers individual seats in advance and provides publicly available schedules that include the departure location, departure time, and arrival location of operations; operate airplanes with a passenger-seat configuration of more than nine seats; and do not enplane or deplane in a checkpoint managed by the TSA. TSA must revise any of their rules, guidance, or policies to comply with the proposed requirements.

Anticipated Impact/Discussion

This bill aims to strengthen aviation security by requiring TSA to apply AOSSP to certain air carriers that offer public-facing flight services with more than nine seats but operate outside of TSA-managed checkpoints. This bill seeks to close a key security gap by ensuring consistent passenger screening standards across all qualifying operations, regardless of airport size or carrier type. While the legislation is expected to enhance public safety and align with broader Homeland Security goals, it may prompt debate over implementation logistics, costs for smaller carriers, and infrastructure readiness at non-commercial terminals.

Status: 03/26/2025 – Referred to the House Committee on Homeland Security

Position: Watch (05/01/2025)

Legislation/Topic

H.R. 1818 (Collins); the Aviation Workforce Development Act / S. 1590 (Scott), the Aviation Workforce Development Act

Background/Summary

The bill would allow students enrolled in Federal Aviation Administration flight and aviation maintenance programs to use their 529 plan funds to cover associated educational expenses.

Anticipated Impact/Discussion

This bill aims to remove financial barriers for those seeking a career in flight and aviation maintenance by allowing 529 plans, commonly used to finance educational careers, to be applied toward the costs of these programs. These career paths can be lucrative and help alleviate a looming workforce shortage in the industry.

Status: 03/03/2025 – Referred to the House Committee on Ways and Means

Position: Support (06/05/2025)

Legislation/Topic

H.R.7613 (Graves): Airspace Location and Enhanced Risk Transparency (ALERT) Act

Background/Summary

The Airspace Location and Enhanced Risk Transparency (ALERT) Act of 2026 (H.R. 7613) is the comprehensive legislative response to the various aviation safety issues raised by the tragic 2025 midair collision between American Airlines Flight 5342 and a UH-60 Army Black Hawk helicopter at Ronald Reagan Washington National Airport (DCA). The ALERT Act seeks to address all 50 safety recommendations issued by the National Transportation Safety Board (NTSB), which concluded its thorough investigation and issued its final report on February 17, 2026. Among other things, the legislation creates certain circumstances where ADS-B In would be required to be installed on aircraft.

Anticipated Impact/Discussion

The legislation seeks to remedy the issues that led to the fatal DCA crash of January 2025 by requiring ADS-B In on aircraft that meet certain conditions and closing the military exception to ADS-B requirements, among other things. While the focus of the legislation is the safety of aircraft and airports during flight operations, there is a secondary issue that implicates airports as airports can impose reasonable and necessary fees on aircraft based on ADS-B data. The version of the bill that passed the House contains provisions restricting the ability of airports to use ADS-B data to collect these fees. A disruption in the ability of airports to collect these fees would create the potential for unstable airport funding structures and likely force airports to make up for lost fee revenue with other revenue streams.

Status: 04/14/2026 – Passed out of the House of Representatives

Position: Watch (04/02/2026)

*Shaded text represents new or updated legislative information

New Senate Bills

None

*Shaded text represents new or updated legislative information

Senate Bills from Previous Report

Legislation/Topic

S. 2175 (Budd): The Pilot and Aircraft Privacy Act

Background/Summary

The Pilot and Aircraft Privacy Act prohibits the use of Automatic Dependent Surveillance-Broadcast (ADS-B) data to identify aircraft for the purpose of charging fees or imposing costs on aircraft owners or operators. Air traffic controllers may only use ADS-B data for tracking aircraft to enhance safety and efficiency or for purposes approved by the Secretary of Transportation after public notice and comment. The bill also imposes requirements on public-use airports before charging fees on general aviation aircraft, mandating disclosure of cost estimates, revenue diversification efforts, and impact assessments on aviation-related communities. Any fees collected must be exclusively used for airside safety projects, and the Federal Aviation Administration (FAA) may establish regulations and reporting obligations to ensure compliance.

Anticipated Impact/Discussion

This legislation would undermine airport safety, efficiency, and financial sustainability by restricting airports' ability to impose reasonable and necessary fees on general aviation and commercial aircraft and their ability to use ADS-B data and FAA aircraft registration information to assess appropriate user fees. These tools are essential for managing operations, ensuring safety, and collecting reasonable user fees.

Status: 03/26/2026 – Amended and added in to the ALERT Act (H.R.7613)

Position: Oppose (11/06/2025)

*Shaded text represents new or updated legislative information

Legislation/Topic

S. 2378 (Moran): The SAFEGUARDS Act of 2025

Background/Summary

Using revenue generated from the September 11 Security Fee, the *Spending Aviation Fees for Equipment, Guaranteeing Upgraded and Advanced Risk Detection and Safety (SAFEGUARDS) Act* (S. 2378) would help the Transportation Security Administration (TSA) fund and install new security equipment like explosive detection systems, credential authentication technology machines, computed tomography machines, and automated exit lanes. Specifically, the bill would increase the current set aside for the Aviation Security Capital Fund from \$250 million per year to \$500 million per year and establish a new set aside for an Aviation Security Checkpoint Technology Fund at \$250 million per year.

Anticipated Impact/Discussion

This legislation aims to speed up long acquisition timelines at TSA. The bill would direct revenue from the existing 9/11 security fee fund toward much needed security upgrades that include explosive detection systems, credential authentication technology, computed tomography machines, and automated exit lanes. If enacted, this bill would increase passenger safety and streamline airport operations nationwide to provide a better overall passenger experience.

Status: 04/14/2026 – Passed out of Committee on Commerce, Science, and Transportation favorably

Position: Support (09/11/2025)

Staff Report

Meeting Date: June 4, 2026

Subject:

Appointments to Board Committees, Liaison Positions, Other Representative and Alternate Positions

Recommendation:

Adopt Resolution No. 2026-0030, making appointments to Board committees, liaison and representative positions.

Background/Justification:

Authority Policy 1.20 establishes a policy for the formation of committees of and for the Board. Authority Policy 1.50 (5) (c), "Standing Board Committees," establishes five standing Board committees. The Board also appoints a representative to the Authority Advisory Committee, the Art Advisory Committee and the World Trade Center Board.

Pursuant to California Code of Regulations Section 18702.5, *Materiality Standard: Financial Interest in an Official's Personal Finances*, the Authority is required to post on its website, a FPPC Form 806 (See Exhibit A), listing all paid appointed positions on boards, committees, or commissions of a public agency, prior to the appointments being made.

It is recommended that the Board appoint members to the Board's committees, liaison positions and the SANDAG Transportation Committee for terms indicated in Attachment A to the Resolution.

Fiscal Impact:

Authority Policy 1.10(c)(4) limits compensation for Board Members to \$200 per day of service, with a maximum of eight (8) days per month. Beginning March 1, 2027, Board Members may receive \$250 for each day of service, with a maximum of eight (8) days per month. Adequate funding for Board Member compensation is included in the FY 2027 Operating Expense Budgets and FY 2028 Conceptual budget within the Contractual Services expense line in the Authority Board Department. For budget years not yet approved, this cost will be included in those requests.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

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

Prepared by:

Annette Fagan Ortiz
Authority Clerk

RESOLUTION NO. 2026-0030

A RESOLUTION OF THE BOARD OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY, MAKING
APPOINTMENTS TO BOARD COMMITTEES, LIAISON
AND REPRESENTATIVE POSITIONS

WHEREAS, Authority Policy Section 1.20 establishes a policy for the formation of committees of and for the Board and Authority Policy Section 1.50 (5) (c) establishes certain Board committees; and

WHEREAS, the Board wishes to appoint members to Board committees, liaison and representative positions; and

WHEREAS, pursuant to California Code of Regulations Section 18702.5, *Materiality Standard: Financial Interest in an Official's Personal Finances*, the Authority is required to post on its website F.P.P.C. Form 806, listing all the paid appointed positions on boards, committees, or commissions of a public agency; and

WHEREAS, in accordance with the requirements of the California Code of Regulations §18702.5, FPPC Form 806 outlining the appointments to boards, commissions, and committees, was posted on the Authority website with the staff report.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the appointments listed in "Attachment A" to the Board's standing committees, liaison and representative positions for the terms set forth therein; and

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

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a "development" as defined by the California Coastal Act, Pub. Res. Code §30106; and

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June 2026, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STANDING COMMITTEE APPOINTMENTS

Effective June 4, 2026

Executive Committee		
<i>Hold Monthly Meetings</i>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Lydia Ball (Chair)	May 2026	January 2029
James Sly (Vice Chair)	February 2026	January 2028
Rafael Perez	February 2026	January 2028
Finance Committee		
Daniel Kuperschmid	June 2026	January 2027
James Sly (Chair)	June 2026	January 2027
Marni von Wilpert	June 2026	January 2027
Audit Committee		
<i>Hold Quarterly Meetings</i>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Monica Montgomery Steppe	June 2026	January 2027
Rafael Perez	June 2026	January 2027
Esther Sanchez (Vice Chair)	June 2026	January 2027
Steve Vaus	June 2026	January 2027
Claudia Huerta*	June 2025	June 2028
Gretchen Newsom* (Chair)	June 2024	June 2027
Agnes Wong Nickerson*	July 2023	June 2026
*Public Members Added Pursuant to Public Utilities Code §170018		
Executive Personnel and Compensation Committee		
<i>Hold Quarterly Meetings</i>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Lydia Ball (Chair)	June 2026	January 2027
Vacant	February 2025	January 2026
James Sly (Vice Chair)	June 2026	January 2027
Capital Improvement Program Oversight Committee		
<i>Hold Quarterly Meetings</i>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Whitney Benzian	June 2026	January 2027
Daniel Kuperschmid	June 2026	January 2027
Rafael Perez (Vice Chair)	June 2026	January 2027
Esther Sanchez	June 2026	January 2027
Marni von Wilpert (Chair)	June 2026	January 2027

REPRESENTATIVES (EXTERNAL)

SANDAG BOARD OF DIRECTORS		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Lydia Ball	June 2026	January 2027
James Sly (Alternate)	June 2026	January 2027
SANDAG Transportation Committee		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Esther Sanchez (Primary)	June 2026	January 2027
Rafael Perez (Alternate)	June 2026	January 2027
World Trade Center		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
James Sly	June 2026	January 2027

REPRESENTATIVES (INTERNAL)

Authority Advisory Committee		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Whitney Benzian, Primary	June 2026	January 2027
Vacant, Alternate	February 2025	January 2026
Art Advisory Committee		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Whitney Benzian	June 2026	January 2027

LIAISONS

Military Affairs		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Col. R. Erik Herrmann	July 2025	January 2026
Port		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Daniel Kuperschmid	June 2026	January 2027
Marni von Wilpert	February 2025	January 2026
Caltrans		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Ann Fox	February 2025	January 2026
Inter-Governmental Affairs		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Lydia Ball	June 2026	January 2027

Staff Report

Meeting Date: June 4, 2026

Subject:

Appointment of Public Member to the Audit Committee

Recommendation:

Adopt Resolution No. 2026-0031, appointing Phillip Unthank as a public member to the Audit Committee to commence July 1, 2026, for a new three-year term.

Background/Justification:

Section 170018 of the Public Utilities Code and Authority Policy 1.50 (5)(c)(ii) describes the Audit Committee, its composition, function, oversight responsibilities, membership, and qualifications for public members.

Due to the end of term of public member Agnes Wong Nickerson, effective June 30, 2026, a Notice of Vacancy on the Audit Committee was posted on March 13, 2026, to fill the vacancy. The recruitment flyer was posted on www.san.org; published in the San Diego Business Journal; emailed to Authority Art and Advisory Committee members; posted on the Authority's LinkedIn account; and emailed to numerous civic, professional, and other stakeholder groups. The deadline to submit applications for the Public Audit Committee Member vacancy was March 13, 2026, and extended to April 15, 2026.

At the May 18, 2026, Special Meeting, the Audit Committee interviewed a total of two applicants to serve on the Committee and fill the vacancy created by the end of term of Agnes Wong Nickerson. At this meeting, the Audit Committee voted unanimously, noting Board Members Huerta and Vaus as ABSENT, to forward to the Board its recommendation of Phillip Unthank to fill the public member vacancy on the Audit Committee and to recommend James Courtney as an alternate, if the Board does not select Mr. Unthank, to commence July 2026. Mr. Unthank meets the following criteria, as required by Policy 1.50 - Governance and Committees: ***A person with public or private sector executive level decision-making experience.***

Fiscal Impact:

Legislation limits compensation for Board Members to \$200 per day of service, with a maximum of eight (8) days per month. Adequate funds for Board and Committee Member compensation are included in the Authority Board Department adopted FY 2027 and conceptually approved FY 2028 Operating Expense Budgets.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

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

Prepared by:

Annette Fagan Ortiz
Authority Clerk

RESOLUTION NO. 2026-0031

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPOINTING PHILLIP UNTHANK AS A PUBLIC MEMBER TO THE AUDIT COMMITTEE TO FILL A VACANCY WITH A TERM ENDING JUNE 30, 2029

WHEREAS, Section 170018 of the Public Utilities Code and Authority Policy 1.50 (5)(c)(ii) outline the requirements for the appointment of public members to the Audit Committee; and

WHEREAS, public member Agnes Wong Nickerson term ends from the Committee, effective June 30, 2026; and

WHEREAS, at a Special Meeting conducted on May 18, 2026, the Audit Committee interviewed a total of two applicants to serve on the Committee and to fill the public member vacancy; and

WHEREAS, at its meeting of May 18, 2026, the Audit Committee voted unanimously to recommend to the Board the appointment of Phillip Unthank to fill the public member vacancy; and

WHEREAS, Phillip Unthank's background and experience is a person with public or private sector executive level decision-making experience, consistent with the requirements outlined under Section 170018 of the Public Utilities Code; and

WHEREAS, Phillip Unthank's background and experience is a person with experience in the field of public finance and budgeting consistent with the requirements outlined under Section 170018 of the Public Utilities Code; and

WHEREAS, the Board wishes to appoint Phillip Unthank as a public member to the Audit Committee for a new three (3) year term, commencing July 1, 2026, and

NOW, THEREFORE, BE IT RESOLVED that the Board hereby appoints Phillip Unthank as a public member to the Audit Committee to fill a vacancy with a term ending June 30, 2029; as indicated in Attachment A; and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June 2026, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STANDING COMMITTEE APPOINTMENTS

Audit Committee		
<i>Hold Quarterly Meetings</i>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Monica Montgomery Steppe	June 2026	January 2027
Rafael Perez	June 2026	January 2027
Esther Sanchez (Vice Chair)	June 2026	January 2027
Steve Vaus	June 2026	January 2027
Claudia Huerta*	June 2025	June 2028
Gretchen Newsom* (Chair)	June 2024	June 2027
Phillip Unthank*	July 2026	June 2029
*Public Members Added Pursuant to Public Utilities Code §170018 *Please Note: highlighted section is pending approval of Item 5		

Staff Report

Meeting Date: June 4, 2026

Subject:

Review of Authority Policies; 4.20 – Guidelines For Prudent Investments and Delegation of Authority to Invest and Manage Authority Funds to the Vice President, Chief Financial Officer/Treasurer; and Authority Policy 4.40 - Debt Issuance and Management Policy

Recommendation:

Forward to the Board for approval Resolution No. 2026-0032, approving amendments to Authority Policy 4.20 – Guidelines for Prudent Investments, and delegation of authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer.

Background/Justification:

Investment Policy 4.20

The attached Investment Policy (Exhibit A) serves as the foundation of the Airport Authority's investment goals and priorities. The Authority's internal policy guidelines compel the Authority's Treasurer to invest Authority funds in a manner that will provide the highest security of funds while meeting the daily cash flow demands. The foremost stated objective is safety, with the requirement that all transactions are structured to avoid capital losses from issuer or broker/dealer default, or erosion of market value.

State law requires that the objective of return on investment be subordinate to the objectives of safety and liquidity. Therefore, the Investment Policy requires the Authority shall seek to achieve a return on funds throughout all economic cycles, taking into consideration the Authority's investment risk constraints and cash flow requirements.

The Authority's Investment Policy was developed in conjunction with the Authority's financial and investment advisors, and it adheres to or exceeds the policies and requirements of investment types authorized by California Government Code §§ 16429.1 and 53600 et seq.

As a result of the annual review by staff and the Authority's financial and investment advisors, certain changes to Policy 4.20 are recommended. These recommended changes to the Policy arise from changes made to the California Government Code by Senate Bill No. 595.

This Bill was signed into law on October 3, 2025, and became effective on January 1, 2026. The Bill has three primary provisions:

- 1) Revises the maximum maturity periods for investments in prime quality commercial paper to 397 days from the date of settlement;
- 2) Allows local agencies with at least \$100 million in assets under management to invest a maximum of 40% of the portfolio in commercial paper until to January 1, 2031;
- 3) Extends the exemption that allows local agencies to invest in US Government securities that could result in a zero or negative interest accrual in the event of, and for the duration of a period of negative market interest rates to January 1, 2031.

Staff recommends amending the investment policy to reflect provisions 1 and 3 set forth above.

With regard to provision 2 set forth above, the existing policy allows the Authority to invest a maximum of 25% of the portfolio in commercial paper (the current portfolio holds less than 1% in commercial paper), which is adequate for the Authority's short-term investment objectives.

While an annual review and adoption is not required by statute, both the Association of Public Treasurers of the United States and Canada and the Government Finance Officers Association have established policy standards recommending a review be conducted annually.

Since this Investment Policy serves as the guidelines for prudent management of the Authority's investments, the attached resolution and accompanying policy are submitted to ensure a regular review and approval of the Investment Policy by the Authority Board.

In addition, the Board delegates the authority to invest and manage the funds of the Authority to the Authority's Treasurer. Such delegation is on a fiscal year basis and subject to renewal by the Board, at its option. Based on the investment record, the attached resolution requests reappointment of the Vice President, Chief Financial Officer/Treasurer to continue this role for another year.

The existence of an approved investment policy demonstrates that the Authority Board and staff are fiducially responsible, thereby promoting trust and confidence from the public that it serves. This annual review ensures the Authority Board's continued oversight and approval of the policies, rules, and performance regarding the investment of Authority funds.

Debt Issuance and Management Policy 4.40

The Authority Policy 4.40 – Debt Issuance And Management (Exhibit B) was developed in conjunction with the Authority's financial advisors and bond counsel and serves as the foundation of the Authority's debt issuance and management goals and priorities. The stated objectives are:

- Protect the assets and funds entrusted to the Authority;
- 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; and,
- Comply with all federal and state laws and regulations, as well as bond indenture, federal tax and securities law compliance, and reimbursement agreement covenants.

The Vice President/CFO shall be responsible for ensuring the Policy is current and will review the Policy annually, at a minimum.

This year there were no substantive changes and the policy will remain unchanged.

Fiscal Impact:

No Fiscal impact.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

- A. CEQA: This Board action is not a “project” as defined by the California Environmental Quality Act (“CEQA”). Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a “development” as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

Prepared by:

Scott Brickner
Vice President, Chief Financial Officer/Treasurer

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, interim financing programs, 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, reimbursement and revolving credit 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. The Board may waive or modify relevant sections of this policy for any lawful purpose, including in response to an emergency or disaster that materially impacts the Authority's operations.
- 2) President/CEO and Vice President/CFO: The Vice President/CFO, 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; (ii) in charge of federal tax and securities law post-issuance compliance with respect to all debt obligations; (iii) responsible for implementing and ensuring compliance with internal control procedures to ensure proceeds of the Authority's debt obligations are directed to the intended use; and (iv) responsible for timely submitting to the California Debt and Investment Advisory Commission any annual debt report required under California Government Code Section 8855(k). As of the date of this Policy, an annual report must be submitted no later than seven (7) months after the end of the immediately preceding "reporting period". A "reporting period" starts on July 1 and ends on June 30.
- 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 Facility 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/CFO will recommend to the Board the amount, tenor 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 impact on rates and charges will be considered, guided by the use of target debt capacity indicators for measuring the affordability of additional borrowing.

1) Rate Covenants

The Authority has covenanted in the Master Indenture to comply with the senior lien Rate Covenant, as summarized below:

Bonds – The Authority 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 – The Authority 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:

(C) 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

(D) 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 Target

The Authority has established a debt service coverage target for its Bonds and Subordinate Obligations (in aggregate) 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 minimum Debt Service Coverage target for Aggregate Debt Service is:

- 1.40x, where PFCs used to pay debt service, if any, 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 and Other Debt Service

This debt service coverage target 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 Enplaned Passenger – Target (excluding Special Facility Financing)

The Authority will monitor the amount of long-term debt it has outstanding. One common metric of leverage for airports is Debt per Enplanement. This metric, like CPE, is impacted by long-term passenger traffic demand which continues to evolve and has increased uncertainty. The Authority has a Debt per Enplanement target range of \$300 to \$400.

The Authority will regularly review and monitor the Debt per Enplanement target using available sources of data, including the rating agencies’ median reports and a selected peer group of airports. Due to the different ways that airports finance their capital facilities, this measure is only one indicator of debt affordability.

6) Net Debt/Cash Flow Available to Debt Service (CFADS) – Target (excluding Special Facility Financing)

The Authority will monitor the amount of net long-term debt outstanding relative to the Cash Flow Available for Debt Service (CFADS). Net Debt to CFADS is the ratio of gross debt (including long-term capital leases) less unrestricted cash balances and debt service reserve funds divided by CFADS (which includes Net Revenues, Capitalized Interest and PFCs available for debt service). Airport credits, like most infrastructure assets, are highly leveraged and Net Debt/CFADS is a measure of debt affordability. A lower ratio is preferred as that indicates more available cash flow to service a given amount of debt outstanding.

The Authority has a Net Debt to CFADS target range of 8x to 11x. The Authority will regularly review and monitor the Net Debt to CFADS target using available sources of data, including the rating agencies' median reports.

7) 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 600 days of budgeted operating and maintenance expenses for the current fiscal year.

8) 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. The Authority will maintain ratings from at least two of the leading rating agencies for its Senior Lien Airport Revenue Bonds and seek to maintain a rating at least in the A1/ A+ category.

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".

Proceeds of the Authority's Bonds and Subordinate Obligations may be used for any legally permitted purposes.

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 leverages 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 for purposes of compliance with the Additional Bonds Test. The Authority may also deposit additional PFC amounts each year to the debt service fund to pay debt service on Bonds and Subordinate Obligations that financed PFC eligible projects.

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 Authority 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 Authority 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.

The Authority may use BANs proceeds to finance projects that would be otherwise financed by an upcoming bond issue. The Authority may use GANs proceeds to finance projects permitted by the grants anticipated to be received by the Authority.

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.

In the event that the Authority issues capital appreciations bonds or zero coupon bonds, proceeds of such bonds may be used for any legally permitted purposes.

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 and Revolving Credit Facilities

Floating Rate Notes (FRNs), including Revolving Credit Facilities, are notes that have a variable coupon, equal to a money market reference rate, such as SIFMA (Securities Industry and Financial Markets Association) or BSBY (Bloomberg Short Term Bank Yield Index) or SOFR (Secured Overnight Financing Rate), or such other industry benchmarks, 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, including equipment, 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 or other lending entity to meet certain of its financing needs. A direct loan is made directly with a financial institution or other lending entity 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/CFO 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/CFO 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/CFO 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. The Vice President/CFO will also evaluate the benefit of using taxable bonds for advance refunding transactions.

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/CFO 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/CFO 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/CFO 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/CFO 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.

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.

Under current Internal Revenue Code provisions, only a current refunding of tax-exempt bonds is permitted using the proceeds of tax-exempt bonds. A current refunding requires issuing refunding bonds no earlier than ninety (90) days prior to the bond's optional redemption date. An Advance Refunding of tax-exempt bonds is permitted using the proceeds of taxable bonds.

Given the limitations on refunding outstanding tax-exempt bonds, careful attention will be given to pricing considerations and the impact early optional redemption provisions have on pricing.

The following considerations apply when the Authority considers refunding opportunities:

1) Monitor Potential Savings:

The Vice President/CFO 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 minimum guidelines:

<i>Years from the date of first call to Maturity Date of the Bonds</i>	Years to the first Call Date		
	After the First Call Date to Up to 90 Days Before	90 Days 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%

For advance refunding or current refunding utilizing forward delivery bonds, the Authority will also evaluate the efficiency of the refunding opportunity as well as the breakeven analyses of the opportunity relative to a hypothetical current refunding.

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 tenders and 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, FRNs and Revolving Credit Facilities.

1) Purposes of Variable Rate Debt

The Vice President/CFO may recommend that variable rate securities be issued for the following purposes:

(A) Interim Financing Tool

The Authority may consider issuing Variable Rate Debt 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 and Revolving Credit Facilities 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, Commercial Paper, FRNs and Revolving Credit Facilities 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 15% of total debt.

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 Credit Facility Providers

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 institutions providing liquidity or credit enhancement for Airport variable rate debt.

4) Budgeting

The Vice President/CFO 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/CFO 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/CFO 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, firms that provide credit to the Authority, 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/CFO 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/CFO 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/CFO 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/CFO 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, 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;
- (I) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (J) Default, event of acceleration, termination event, modification or terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

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.

- (K) Any applicable revision to rule 15c2-12 adopted by the SEC
- (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; and
 - (G) Appointment of a successor or additional trustee or the change of name of a trustee; or
 - (H) Incurrence of a Financial Obligation of the Authority, or agreement to covenants, events of default, remedies, priority rights, of other similar terms of a Financial Obligation of the Authority, any of which affect security holders;
 - (I) Any applicable revision to rule 15c2-12 adopted by the SEC.

SECTION XIII. RATINGS AGENCIES AND INVESTOR RELATIONS

The Vice President/CFO 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/CFO shall be responsible for implementing and managing the Authority's investor relations program, including the maintenance and periodic updating of the financial information provided on the Authority's web site. 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 and in certain circumstances involving significant events affecting the Authority, make voluntary Secondary Market Disclosure pursuant to an EMMA (Electronic Municipal Market Access) filing.

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/CFO 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/CFO shall propose such changes to the President/CEO. Upon President/CEO approval, the proposed amended Policy will be submitted to the Board requesting approval.

GLOSSARY (PROVIDED FOR INFORMATIONAL PURPOSES ONLY)

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 Internal Revenue Code Provisions no tax exempt bonds may be advance refunded on a tax-exempt basis.

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: Interest on tax-exempt private activity bonds (held by individuals, issued after January 1, 2018 is generally subject to the Alternative Minimum Tax (“AMT”) as a specific item of tax preference: provided however certain new money private activity bonds previously issued during the AMT “waiver” period authorized by the American Recovery and Reinvestment Act of 2009 can be current refunded and exempt from AMT.

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 whose name is noted on the bond register.

Bond Insurance: Insurance which provides an additional guarantee of 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 (the rating of the insurer) is assigned to the insured bonds and a lower cost of funds may be attained.

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.

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, S&P Global Ratings, Fitch Ratings and Kroll Bond Rating Agency. 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 bonds 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 (also known as a Municipal 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.

Financial Obligation: shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities (as defined in the securities Act, as amended) as to which final official statement (as define in the rule) has been provided to the MSRB consistent with the Rule.

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.

Institutional Order: An order for bonds placed by a bank, pension fund, mutual fund, trust or insurance company, investment bank, hedge fund or similar financial institution.

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.

Member Order: An order submitted by a syndicate member at the takedown price.

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.

Net Debt/Cash Flow Available for Debt Service (CFADS): Gross debt (including long-term capital leases) less unrestricted cash balances and debt service reserve funds divided by CFADS (which includes net Revenues, Capitalized Interest and PFCs available for debt service).

Net Designated Order: An order submitted by a syndicate member on behalf of a buyer on which all or a portion of the takedown is to be credited to certain members of the syndicate. The buyer directs the percentage of the total designation each member will receive in accordance with the terms of the underwriting syndicate.

New T1: The New Terminal 1 will help the Airport meet the region's passenger demand through the year 2035 by developing a 30-gate replacement facility for Terminal 1 (11 gate net increase) at the San Diego International Airport. The new facility will be accompanied with reconfigured and new taxiways, a close-in parking structure, and associated access and circulation roadway improvements. Collectively, these projects will enhance the passenger experience, improve airport operating efficiency, and lower carbon emissions.

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.

Other Debt Service: Any debt obligation of Authority other than Bonds and Special Facility Financing, including commercial paper, other indebtedness of Authority, and all other related requirements.

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.

Revolving Credit Facility: An agreement between a financial institution and the Authority that provides the Authority with the flexibility to drawdown, repay and redraw loans. Loans advanced under the revolving Credit Facility have a variable interest rate.

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 No. 2024-0040 dated June 6, 2024.]
[Amended by Resolution No. 2023-0039 dated June 1, 2023.]
[Amended by Resolution No. 2022-0053 dated June 2, 2022.]
[Amended by Resolution No. 2021-0056 dated June 3, 2021.]
[Amended by Resolution No. 2020-0067 dated June 4, 2020.]
[Amended by Resolution No. 2019-0056 dated May 30, 2019.]
[Amended by Resolution No. 2019-0034 dated April 4, 2019.]
[Amended by Resolution No. 2018-0133 dated December 6, 2018.]
[Amended by Resolution No. 2017-0050 dated June 1, 2017.]
[Amended by Resolution No. 2015-0042 dated May 21, 2015.]
[Amended by Resolution No. 2014-0050 dated June 5, 2014.]
[Amended by Resolution No. 2013-0048 dated June 6, 2013.]
[Amended by Resolution No. 2012-0060 dated June 7, 2012.]
[Amended by Resolution No. 2011-0078 dated July 7, 2011.]
[Adopted by Resolution. No. 2010-0046 dated May 6, 2010.]

RESOLUTION NO. 2026-0032

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AMENDMENTS TO AUTHORITY POLICY 4.20 – GUIDELINES FOR PRUDENT INVESTMENTS, AND DELEGATING THE AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, CHIEF FINANCIAL OFFICER/TREASURER

WHEREAS, Authority Policy 4.20 establishes a policy governing the investment policies and practices of the San Diego County Regional Airport Authority (“Authority”); and

WHEREAS, the Association of Public Treasurers of the United States and Canada and the Government Finance Officers Association established policy standards recommending a review of a local government’s investment policy be conducted annually; and

WHEREAS, Policy 4.20 serves as the guideline for the Authority to ensure prudent management of its investments, having been submitted for regular review and adoption by the Authority Board in a public meeting; and

WHEREAS, Policy 4.20, as amended (EXHIBIT A), has been reviewed by the Authority’s financial and investment advisors; and

WHEREAS, the Board has reviewed the investment record and desires to continue its delegation of authority to invest and manage the funds of the Authority to the Vice President, Chief Financial Officer/Treasurer.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby **APPROVES** amendments to Authority Policy 4.20 as set forth in Exhibit A attached hereto governing the investment policies and practices of the Authority and delegates the authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer; and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June 2026, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

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. When purchasing new issue securities, no competitive process will be required as all dealers in the selling group offer the securities at the same original issue price. 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 in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the portfolio. No more than 10% of the portfolio may be invested in a single Supranational issuer. Cal. Gov. Code §53601(k)

(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 5% 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 in a rating category of "A" or its equivalent 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 397 days or less. No more than 25% of the market value of the portfolio may be invested in commercial paper. No more than 5% 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 5% 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. The amount invested in Negotiable Certificates of Deposit (NCDs) may not exceed 30% of the market value of the portfolio. NCDs eligible for purchase shall be rated in a rating category of “A” or its equivalent 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 5% 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. The amount invested in Placement Service Deposits (PSDs) may not exceed 30% 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 excess of the FDIC limit in combination with any other securities from that issuer shall not exceed 5% 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 in a rating category of “A” or its equivalent 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 20% 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 5% of the market value of the portfolio. Cal. Gov. Code §53601(k)

(j) Asset-Backed Securities (ABS) from issuers not defined in sections (a) and (b) of the Authorized Investments section of this policy shall have a credit rating of “AA” or its equivalent or better by a NRSRO. No more than 10% of the portfolio shall be invested in a combination of ABS, MBS, CMOs, and Mortgage Pass-Through Securities. No more than 5% of the portfolio may be invested in a single ABS issuer unless the issuer is the US Treasury or a Federal Agency/GSE. The maturity shall not exceed five years. Cal. Gov. Code §53601 (o).

(k) Mortgage Backed Securities (MBS), Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations (CMOs) from issuers not defined in sections (a) and (b) of the Authorized Investments section of this policy shall have a credit rating of “AA” or its equivalent or better by a NRSRO. No more than 10% of the portfolio shall be invested in a combination of ABS, MBS, CMOs, and Mortgage Pass-Through Securities. No more than 5% of the portfolio may be invested in a single issuer unless the issuer is the US Treasury or a Federal Agency/GSE. The maturity shall not exceed five years. Cal. Gov. Code §53601 (o).

(l) Repurchase agreements (RPAs) shall only be made with financial institutions having a credit rating in the rating category “A” or its equivalent or better 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)

(m) 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.

(n) 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.

(o) 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.

(p) 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).

(q) 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)

(r) 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 in a rating category of "A" or its equivalent or better 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).

(s) 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 or negative interest accrual if held to maturity unless they are securities issued or backed by the US Government under a provision sunsetting January 1, 2031 and the Authority has exhausted all other potential investment options to avoid a zero or negative interest accrual. Cal. Gov. Code §53601.6. The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited.

(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.

(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 45 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).

Asset-Backed Securities: Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

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.

Collateralized Mortgage Obligations: Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

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. An investment's term or remaining maturity is measured from the settlement date to final maturity.

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.

Mortgage Backed Securities (MBS): A bond that is secured by a mortgage or collection of mortgages.

Mortgage Pass-Through Securities: A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

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/Chief Financial Officer 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. 2023-0040 dated June 1, 2023.]
[Amended by Resolution No. 2021-0055 dated June 3, 2021.]
[Amended by Resolution No. 2018-0133 dated December 6, 2018.]
[Amended by Resolution No. 2018-0056 dated June 7, 2018]
[Amended by Resolution No. 2017-0049 dated June 1, 2017]
[Amended by Resolution No. 2016-0040 dated May 19, 2016]
[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]

Revised 06-01-2026

Item 7

San Diego County Regional Airport Authority



ANNUAL REVIEW TO AUTHORITY POLICIES 4.20 AND 4.40

**Review of Investment Policy 4.20, Guidelines for Prudent Investments, and
Delegation of Authority to Invest and Manage Authority Funds to the Vice President,
Chief Financial Officer/Treasurer**

And Review of Policy 4.40 - Debt Issuance and Management Policy



Presented by Geoff Bryant Finance Manager

Debt Policy- Overview, Objectives & Update

Policy 4.40 - Debt Issuance and Management Policy



Debt Policy - Overview



- Governs existing and anticipated debt obligations
- Sets forth certain financial management practices in capital budgeting that supports the Authority's ability to manage its projected debt issuance
- Policy is updated from time to time to reflect changes in the law and the market

Debt Policy - Objectives



- Protect the Authority's assets and funds
- Manage and monitor existing debt to:
 - Optimize financial structure
 - Control costs
 - Ensure compliance with bond financing covenants
- Oversee the issuance of new debt in order to maintain access to capital markets
- Obtain and maintain the highest possible credit ratings on debt

5/21/2026

- Explore and implement prudent debt structuring
- 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 and federal tax and securities law compliance

Debt Policy - Update



The current policy has been reviewed by staff and the Authority's financial advisors and Bond Counsel.
No updates are recommended.

Investment Policy- Overview & Update

Policy 4.20 - Guidelines for Prudent Investments



Investment Policy - Overview



- Serves as the foundation of investment goals and objectives
- Mandates investing in a manner that provides the highest security while meeting Authority cash flow needs
- Demonstrates our fiduciary responsibility, thereby promoting trust and confidence from the public we serve
- Adheres to or exceeds the requirements of California Government Code Section 53600 et seq.
- Adheres to state law requirements that return on investment be subordinate to safety and liquidity objectives
- Developed and annually reviewed in conjunction with our financial and investment advisors
- Annual Board review is not required by State Code, but is an Authority practice

5/21/2026

Investment Policy - Update



- The current policy adheres to or exceeds requirements of California Government Code. The policy has been reviewed by staff and the Authority's financial and investment advisors, and the following changes are recommended:
- Incorporate Senate Bill No. 595 to update our Investment Policy:
 - Extends the maximum maturity of commercial paper (CP) from 270 days to 397 days
 - Extends the exemption that allows local agencies to invest in US Government securities that could result in a zero or negative interest accrual to 2031
- Senate Bill No. 595 provision not adopted
 - Local agencies with at least \$100 million in assets under management are permitted to invest a maximum of 40% of the portfolio in CP.

5/21/2026

Delegation of Investment Authority

- The Board delegates the authority to invest and manage funds to the Vice President, Chief Financial Officer/Treasurer
- This delegation is on a fiscal year basis and subject to renewal by the Board

Action Requested



Recommend the Board approves the following Resolution:

- Approving changes to Authority Investment policy 4.20
- Delegating the authority to invest and manage funds to the Vice President, Chief Financial Officer/Treasurer

Questions?



Staff Report

Meeting Date: June 4, 2026

Subject:

Required Communication to the Audit Committee on the Financial and Compliance Audits for the Fiscal Year Ended June 30, 2026

Recommendation:

The Audit Committee recommends that the Board accept information.

Background/Justification:

On March 25, 2024, staff presented a recommendation to the Audit Committee to enter into an agreement with Plante & Moran, PLLC, for Financial Audit Services. The Audit Committee recommended that the Board adopt a resolution approving and authorizing the President/CEO to execute an agreement with Plante & Moran, PLLC.

The Board adopted Resolution No. 2024-0025 during its April 4, 2024, Board Meeting, approving and authorizing the President/CEO to execute an agreement with Plante & Moran, PLLC, for an amount not to exceed \$1,200,000 for a three-year term with an option for two (2) one-year extensions, which may be exercised at the discretion of the Authority.

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

As required, Rumzei Abdallah, CPA, the engagement partner from Plante & Moran, PLLC, gave a presentation during the May 4, 2026, Audit Committee Meeting, Exhibit A on matters pertaining to the scope, timeline, planning, and required communications related to their audit of the Authority's financial statements for the fiscal year ending June 30, 2026. In addition, a copy of Plante & Moran, PLLC's most recent Peer Review Letter is provided, as Exhibit B.

Fiscal Impact:

Adequate funding for the agreement with Plante & Moran, PLLC, for performing the Authority's financial audit services is included in the Fiscal Year 2026 Adopted Budget and Fiscal Year 2027 Conceptual Budget within the Services-Auditing line item. Expenses that will impact budget years not yet adopted by the Board will be included in future-year budget requests.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

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

Prepared by:

John Dillon
Director, Accounting And Risk Management



San Diego County Regional Airport Authority

Required Pre-Audit Meeting

Year-ended June 30, 2026



Agenda

- Engagement team
- Scope of audit
- Audit timeline
- Required communications
- Audit plan
- Information from You Relevant to Our Audit



Engagement team

- Rumzei Abdallah, Partner - Engagement partner responsible for supervising our services performed as part of this engagement.
- Pam Hill, Partner – Colleague Partner
- Chris Gilbert - Senior Manager
- Alissa Flury - Manager

All team members are part of our national airport practice



Scope of Audit

- **Financial Statement Audit**
 - GASB 103 and GASB 104 required to be implemented by the Authority
- **Federal Single Audit**
- **Passenger Facility Charge (PFC) Compliance Audit**
- **Customer Facility Charge (CFC) Compliance Audit**
- **Management Letter with recommendations, if applicable**



Audit timeline

- Preliminary and information gathering phase – May-August 2026
- Risk assessment phase – May – August 2026
- Audit procedures
 - Interim audit testing – Week of May 11, 2026
 - Fieldwork – August and September 2026
- Goal - Issuance – By October 20, 2026



Required Communications

- Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.
- Our audit of the financial statements does not relieve you or management of your responsibilities.



Audit Plan

We have identified the following areas during our initial brainstorming session related to significant risks of misstatement:

- Appropriate accounting for all revenues, including inclusion of federal funding expenditures on the Schedule of Expenditures of Federal Awards (SEFA) and any related revenue diversion.
- Management override of controls.
- Selection of valuation methods and assumptions used in the development of the Authority's net pension liability estimates in accordance with applicable financial reporting requirements.

In response to these identified significant risks, we will perform the following:

- Perform detailed compliance testing in accordance with federal regulations, as well as testing of revenue recognition to ensure amounts are recorded in the proper period.
- Review a sample of invoices paid to related parties or others to ensure expenditures are valid, properly supported, and airport-related.
- Test journal entries recorded in the general ledger and other adjustments made during the preparation of the financial statements.
- Review and test internal controls over significant transaction cycles.
- Review and evaluate the Authority's selection of actuarial assumptions and actuarial methods used to develop its estimate of the net pension liability to ensure the assumptions and methods utilized are reasonable and result in proper financial reporting.



Audit Plan

- We will gain an understanding of accounting processes and key internal controls through a review of the accounting procedures questionnaires and control procedures questionnaires prepared by management.
- We will confirm through observation and inspection procedures that accounting procedures and controls included in the questionnaires have been implemented.
- We will not express an opinion on the effectiveness of internal control over financial reporting; however, we will communicate to you significant deficiencies and material weaknesses identified in connection with our audit.
- The concept of materiality is inherent in our work. We place greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than with those items of lesser importance or those in which the possibility of material error is remote.



Information from You Relevant to Our Audit

- An important aspect of this communication process is the opportunity for us to obtain from you information that is relevant to our audit.
- We are in the process of meeting with the Chair's of the Board and Audit Committee
- We will discuss their views on:
 - Matters that warrant particular attention during the audit
 - Concerns related to actual or suspected fraud
 - Any particular business risks that may result in material misstatements
 - Any concerns related to related party transactions
 - Effectiveness of internal control and detection of fraud
 - Significant or unusual transactions
 - Any concerns related to fraud



Thank you for the opportunity to serve as auditors for the San Diego County Regional Airport Authority

For more information contact:

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Report on the Firm's System of Quality Control

November 3, 2025

To the Partners of Plante & Moran, PLLC
 and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended May 31, 2025. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; and examinations of service organizations (SOC 1 and SOC 2 engagements).

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended May 31, 2025, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Plante & Moran, PLLC has received a peer review rating of *pass*.

EISNERAMPER LLP
 Baton Rouge, Louisiana

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Staff Report

Meeting Date: June 4, 2026

Subject:

Fiscal Year 2026 Third Quarter Report from the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board accept the report.

Background/Justification:

As directed in the Charter for the Office of the Chief Auditor, the Chief Auditor shall communicate the results of internal audit services to the Authority's Audit Committee and executive management quarterly.

The Fiscal Year 2026 Third Quarter Report from the Office of the Chief Auditor submitted to the Audit Committee is included as Attachment A. The report describes the activities and the results of the OCA during the period January 1, 2026, through March 31, 2026, and includes details on all recommendations completed or in progress during the third quarter of Fiscal Year 2026.

On May 4, 2026, during a scheduled meeting of the Audit Committee, a presentation was provided by the Chief Auditor on its third quarter activities. Upon review of the Fiscal Year 2026 Third Quarter Report, the Audit Committee voted unanimously to forward the report to the Board for acceptance.

Fiscal Impact:

None

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Staff Report

Meeting Date: June 4, 2026

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Strategies

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

Focus Areas

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

Environmental Review:

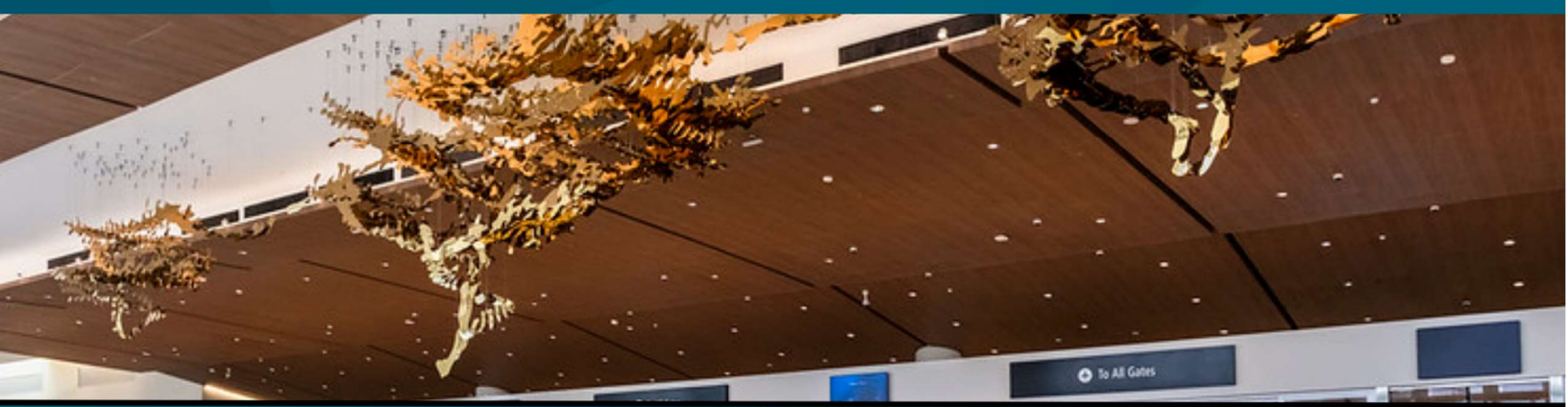
- A. CEQA: This Board action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This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

Prepared by:

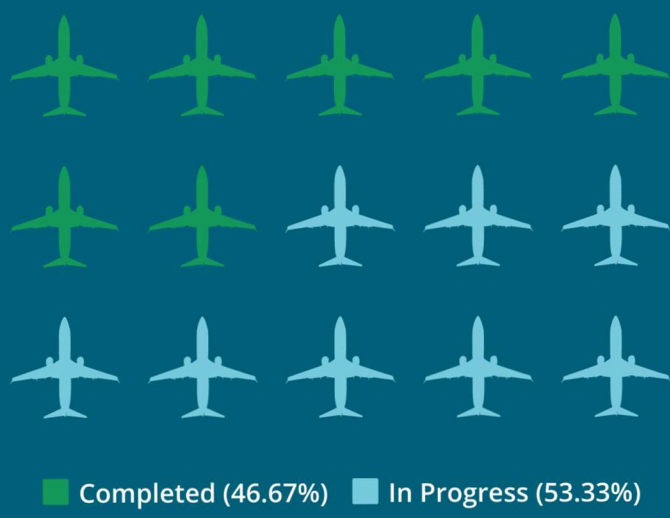
Lee M. Parravano
Chief Auditor

Office of the Chief Auditor

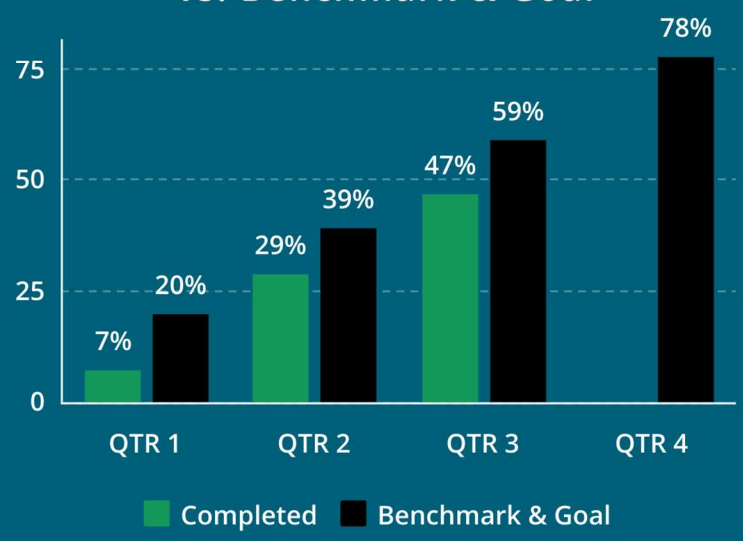
Fiscal Year 2026 Third Quarter Report



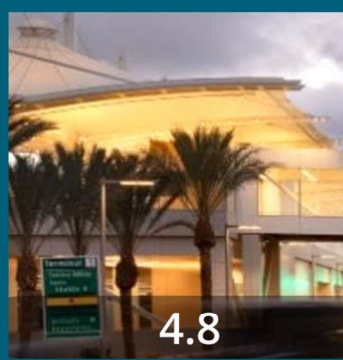
Audit Engagement Progress



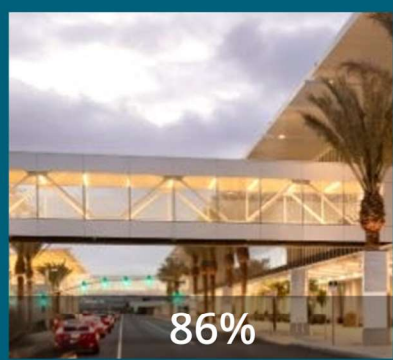
Audit Engagements Completed vs. Benchmark & Goal



By The Numbers



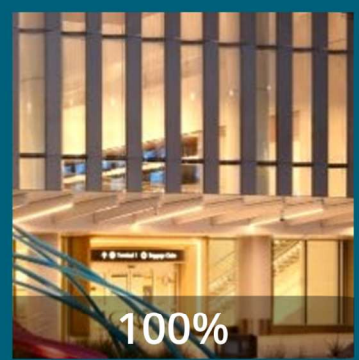
Auditee
Satisfaction Rating



Engagements
Completed Under
Budget



Auditor Utilization
Percentage



Recommendations
Accepted By
Management

Office of the Chief Auditor Fiscal Year 2026 Third Quarter Report

Issue Date: May 4, 2026



Lee Parravano, Chief Auditor
Fred Bolger, Manager Audit Services
Andrea Cook, Senior Auditor
Marnie Dale, Auditor
Shane Ellis, Senior Auditor
Scott Thein, Senior Auditor

Third Quarter Summary

Executive Summary

During the third quarter of Fiscal Year 2026, the Office of the Chief Auditor (OCA) continued executing the FY 2026 Audit Plan and issued three audit reports. As of quarter end, seven audit reports were issued and eight engagements were in progress. The OCA also enhanced its data analytics monitoring and identified an incorrect rental car calculation issue that management addressed promptly, correcting the underpayment. In addition, the OCA continued required staff professional development and is finalizing the annual Risk Assessment & Audit Plan for presentation to the Audit Committee at the May meeting.

Performance Measures

For Fiscal Year 2026, five major performance measures were developed to evaluate the OCA. The OCA's performance against the selected performance measures is displayed in Table 1.¹

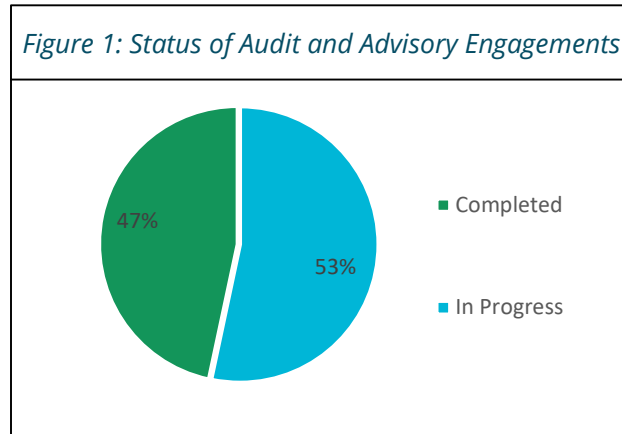
Table 1: Status of Performance Measures as of March 31, 2026

#	Performance Measure	Goal	Actual	Benchmark
1	Customer satisfaction ratings from auditee	4.0	4.8	4.0
2	Percentage of audit and advisory engagements completed	59%	47%	59%
3	Percentage of recommendations accepted	95%	100%	95%
4	Percentage of staff time spent on audit and advisory engagements and general audit activities	71%	75%	71%
5	Percentage of audit and advisory engagements completed within budget	78%	86%	78%

Customer Satisfaction Rating:

After the completion of an audit or advisory engagement, a survey is sent to the department to obtain customer satisfaction data. The OCA's goal for customer satisfaction is 4.0, on a 1 to 5 scale (with 1 being very dissatisfied and 5 being very satisfied). To date this fiscal year, we have achieved a score of 4.8.

¹ The OCA tracks additional performance measures that are not shown above. Their results are compiled and shared with the Audit Committee annually

Percentage of Audit and Advisory Engagements Completed:

As of the end of the third quarter, the OCA completed seven audit engagements, or 47%, of audit and advisory engagements (7/15 = 47%) that are planned to be completed on the Fiscal Year 2026 Audit Plan.² In addition to the seven engagements completed, the OCA had eight engagements (53%) in progress as of the end of the third quarter, as shown in Figure 1. The completed engagements are summarized in the upcoming section titled Audit Engagements

Issued.

The status of all activities in the Fiscal Year 2026 Audit Plan is included in Appendix A.

Percentage of Recommendations Accepted:

This category helps to evaluate the quality of the findings and recommendations issued by the OCA. Additionally, it helps hold the OCA accountable for the quality of the recommendations issued. As of the end of the third quarter 100% of all recommendations have been accepted.

Percentage of Staff Time Spent on Audit & Advisory Engagements and General Audit Activities:

This measure tracks the time spent on audit and advisory engagements and general audit activities.³ The OCA's goal is for staff to spend 71% of working hours⁴ on audit engagements, advisory engagements, and general audit activities. The OCA is currently exceeding the goal established, spending 75% of time on audit engagements, advisory engagements, and general audit activities.

Percentage of Audit and Advisory Engagements Completed within Budgeted Time:

This category monitors the efficiency of audit staff in performing audits and advisory engagements. Specifically, audit staff are responsible for the internally prepared budget hours assigned to each audit or advisory engagement. At the end of the third quarter of Fiscal Year 2026, the OCA completed 86% of its projects within the budgeted time, exceeding the goal established.

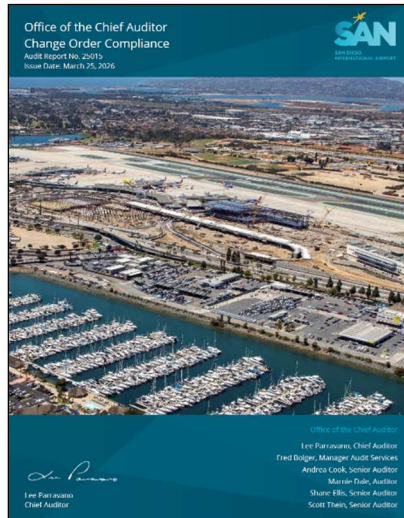
² The Fiscal Year 2026 Audit Plan has 14 audits and 4 advisory engagements. However, the audits identified as "Tenant Lease Administration and Management – FY2026 Rental Car Companies", "Construction – Subcontracts", and "ARFF Management" will carry forward into Fiscal Year 2027. This results in 11 audits and 4 advisory engagements (15 total engagements) on the Fiscal Year 2026 Audit Plan to be completed in the fiscal year.

³ Appendix A details all planned activities in these categories for Fiscal Year 2026.

⁴ Excludes Time Off (e.g., Holidays, Paid Time off).

Audit Engagements Issued

The Office of the Chief Auditor completed three audits during the third quarter. Below is a summary of these engagements.



Change Order Compliance: The objective of this audit was to determine if change orders for the NT1 project are adequately supported, properly approved, meet the terms and conditions of the Contract. We concluded change orders for the NT1 project were, in general, adequately supported, properly approved, met the terms and conditions of the Contract, and mathematically accurate. The OCA identified two findings and provided two recommendations as part of this audit.



Airport Business Revenue Management (ABRM) Application Internal Controls: The objective of this audit was to determine if specific IT General Controls (ITGC) in the Airport Business Revenue Management (ABRM) application are appropriate. The four essential ITGCs assessed included segregation of duties, user access management, administrative access, and tracking critical data changes. We concluded that while foundational IT General Controls related to segregation of duties, user access management, administrative access, and tracking critical data changes are in place within ABRM, they are not yet consistently designed or operating as intended. The Authority is currently operating at an early-to-developing stage maturity level which is consistent with a system that

is still progressing through a maturation process. Management reported some recommendations were already implemented by report issuance. The OCA identified three findings and provided 5 recommendations as part of this audit.

System Security: This confidential audit was completed during the quarter and results were communicated.

General Audit Activities

In addition to performing audit engagements, the OCA is involved in other general audit activities that do not result in a formal audit report/opinion being issued. The OCA is either required⁵ to perform these activities or believes completion of these activities to be in the best interest of the Authority. A summary of the *General Audit Activities* is presented below.



Risk Assessment and Audit Plan

The OCA is required to submit a formal, risk-based Internal Audit Plan to the Audit Committee each year. The Risk Assessment & Audit Plan is informed by data gathering, management discussions, surveys, and data analysis. The OCA is in the process of finalizing the Risk Assessment & Audit Plan, which is scheduled for presentation to the Audit Committee at the May Audit Committee meeting.

Construction Activities

Construction audit activity through the third quarter of Fiscal Year 2026 included continued work with Baker Tilly, the on-call construction audit consultant. During the quarter the audit of Change Order Compliance was completed (see Section Titled Audit Engagements Issued). Pay Applications and Subcontracts are currently in progress. The OCA expects the audit of Pay Applications to be completed in the fourth quarter and Subcontracts in fiscal year 2027. The OCA also attended meetings regarding the New T1 terminal and roadways, and the New T1 airside improvements projects. The OCA remains involved with issues identified by ADC and Authority management, providing assistance as requested, and attending meetings specific to all aspects of the Authority's construction activity.

Development of Data Analytics

The OCA is actively exploring options to increase its audit coverage through data analytics and to identify where in-depth audits should be initiated. In Fiscal Year 2026, the OCA focused on the transition from Tableau to Power BI, Microsoft's business intelligence and data visualization platform, for rental car data. The Rent-A-Car Companies – Fiscal Year 2025 Audit was completed utilizing Data Analytics and Power BI.

During the third quarter of 2026, the OCA identified an anomaly in the data for a rent-a-car company. Staff determined the issue was caused by a rent-a-car company that did not correctly calculate Customer Facility Charges on certain transactions. Through the OCA's continuous monitoring, management was able to promptly contact the company and facilitate correction of the resulting underpayment.

⁵ Requirements are dictated by the Charter for the Office of the Chief Auditor, Charter of the Audit Committee, or the Global Internal Audit Standards.

Fraud, Waste, Abuse, and Ethics Program

The OCA manages the Authority's Ethics Program that includes a confidential Fraud, Waste, Abuse, and Ethics (FWA&E) reporting hotline. Through the third quarter of Fiscal Year 2026, the OCA received five (5) tips/reports that were considered FWA&E related and 12 reports that were not considered FWA&E related⁶. As of the end of the third quarter, the OCA was actively investigating three (3) tips/reports. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate.

The hotline also allows individuals to ask questions about possible ethical matters, thus allowing individuals to make an informed ethical decision. Through the third quarter of Fiscal Year 2026, two (2) questions were received. We appreciate the efforts made by individuals aiming to ensure an ethical decision is reached.

A summary of the tips/reports received through the third quarter is shown in Table 2 below.

Table 2: Hotline Tips/Reports Received through the Third Quarter of Fiscal Year 2026

Category	Number of Tips / Reports Received	Investigation Initiated by the OCA/Others	Tip/Report was Investigated and was Substantiated
Fraud, Waste, Abuse, & Ethics Tips/Reports			
Business Integrity	5	3*	-
Total Fraud, Waste, Abuse, & Ethics Tips/Reports	5	3	-
Non – Fraud, Waste, Abuse, & Ethics Tips/Reports			
Business Integrity	1	-	-
Workplace Conduct	5	-	-
Other	6	-	-
Total Non-Fraud, Waste, Abuse, & Ethics Tips/Reports	12	-	-
Total Hotline Tips/Reports	17	3	-

*Investigation of these tips were in process as of the end of the third quarter.

Recommendation Follow-up

The OCA is mandated by its Charter to track the recommendations issued in audit reports and to report their implementation status to the Audit Committee on a periodic basis. The OCA tracks recommendations through regular inquiries made to the audited departments or to the owner of the specific recommendation(s) (See Appendix B). These inquiries allow

⁶ Tips/Reports that are Non-FWA&E related are tracked but are not investigated by the OCA. An example of a non-FWA&E related tip/report is a traveler reporting an issue with a water filling station in the terminal. Generally, these tips/reports are forwarded to management to address.

the OCA to determine how many recommendations have been completed, as well as to obtain the status on progress being made to implement the recommendations.

Table 3 below shows the number of recommendations that were *Completed* or *In Progress* as of the third quarter of Fiscal Year 2026, along with the estimated/actual implementation timeframes based on the audit report issue date. Of the Completed recommendations, eight were implemented within the initial timeframe identified when the recommendations were issued. Of the In Progress recommendations 10 are within the initial timeframe identified for implementation.

Overall, based on inquiries conducted as part of the recommendation tracking process, the OCA is satisfied with the progress Authority departments are making to implement the recommendations.

Table 3: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total ⁷
Completed	9	-	-	9
In Progress	9	2	1	12

Quality Assurance and Improvement Program

The Global Internal Audit Standards require the OCA to maintain a Quality Assurance and Improvement Program (QAIP) that includes:

1. Ongoing monitoring (required annually).
2. Internal assessments (required periodically – Next scheduled for FY 2027).
3. External assessments (required every 5 years - Next scheduled for FY 2028).

The OCA completed ongoing monitoring of its Fiscal Year 2025 activities and operations during the first quarter of Fiscal Year 2026. The OCA found no items that would impact audit report quality. Full results were included in the Fiscal Year 2025 OCA Annual Report as part of the September 8, 2025, Audit Committee Meeting materials.

The OCA continues to monitor its activities and report on performance measures each quarter. Those results are presented in quarterly reports to the Audit Committee.

⁷ Recommendation(s) contained in confidential audit reports are not included in Table 3 or in Appendix B. They are tracked separately by the OCA.

Administrative

The activities that reside within the administrative classification include meetings attended by the OCA, holiday and vacation time, and the fulfillment of Continuing Professional Education (CPE) requirements.

Tracking Budget and Expenses

The OCA expenses totaled approximately \$957,000 through the end of the third quarter, which represents 63% of the Fiscal Year 2026 budget. No unexpected or large outlays occurred within the department during the third quarter of Fiscal Year 2026. The OCA expects to remain under budget through the fiscal year-end.

Continuing Professional Development

OCA staff continue to obtain Continuing Professional Education (CPE) credits as required by their respective certifications. The OCA's CPE credits are tracked on a calendar-year basis. As of the end of calendar year 2025, all OCA staff met their respective CPE requirements. During the third quarter of 2026, staff attended cybersecurity training. In the fourth quarter, the OCA is scheduled to present at the Association of Airport Internal Auditors' annual conference in April 2026.

Procedural/Supervisory

One Audit Committee meeting took place during the third quarter, which occurred on February 9, 2026. The meeting contained all regularly scheduled agenda items, of which the OCA assisted in coordination with the Committee Chair and the Clerk's Office.

Use of Report

The information in this report is intended solely for the use of the San Diego County Regional Airport Authority's (SDCRAA) Audit Committee, Board, and management and is not intended to be, and should not be, used by anyone other than the specified parties.

This report has been authorized for distribution to the Audit Committee and as specified:

- President/Chief Executive Officer
- General Counsel
- Vice Presidents
- Director, Authority Clerk
- Director, Government Relations
- Assistants specified by Board Members and SDCRAA

Appendix A – Fiscal Year 2026 Audit Plan

#	Activity	Status as of 3/31/2026	Over/ Under Budget
Audit			
1	Purchase Goods and Services	Completed	Under
2	Tenant Lease Admin. & Management – FY 2025 Rental Car Companies	Completed	Over
3	Parking Management Contract Administration	In Progress	
4	Harbor Police Contract Management – Fiscal Year 2021,2022, 2023, and 2024	In Progress	
5	Construction - Change Orders	Completed	Under
6	Construction – Subcontracts ⁸	In Progress	
7	Construction – Pay Applications	In Progress	
8	Tenant Lease Admin. & Management – ABRM Internal Controls	Completed	Under
9	Payroll – Social Security Section 218 Agreement	Completed	Under
10	Tenant Lease Admin. & Management – FY 2026 Rental Car Companies ⁸	In Progress	
11	System Security	Completed	Under
12	ARFF Management ⁸	Not Started	
13	Rental Car Shuttle Service Contract Administration	Completed	Under
14	Contract Security Personnel Management	In Progress	
	Total		
Advisory			
15	Harbor Police Contract Management	In Progress	
16	Tenant Lease Admin. & Management –General Rental Car Company Reporting	In Progress	
17	Tenant Lease Admin. & Management –Fox Rental Car Company Reporting	In Progress	
18	Rental Car Shuttle Service Contract Administration	In Progress	
General Audit			
19	Risk Assessment & Audit Plan	In Progress	
20	Construction Meeting Attendance & Coordination	In Progress	
21	Development of Data Analytics	In Progress	
22	Fraud, Waste, Abuse, and Ethics Program	In Progress	
23	Recommendation Follow-up	In Progress	
24	Quality Assurance & Improvement Program	In Progress	
Administrative			
25	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	In Progress	
26	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	In Progress	

⁸ Audit engagement is not anticipated to be completed in Fiscal Year 2026 and will be carried forward to Fiscal Year 2027.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
Completed						
26-10	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT	High	Management should require purchases to be reviewed and approved by an employee who has the expertise or knowledge of the types of materials/supplies that are being purchased. Further, management should establish a formal process for the regular review and reconciliation of expenses charged to all purchase, work, and blanket orders to ensure accuracy, appropriateness, and compliance with finance and procurement policies.	3/1/2026	3/31/2026	All purchases now require FMD supervisor review and authorization, with purchases exceeding \$1,000 requiring FMD manager's authorization. To strengthen oversight, FMD managers also conduct spot checks of invoice approvals using SCANMAN workflow. Reconciliation of expenses is conducted by the Sr. Cost Analyst & Cost Analyst when invoices are processed for payment. Invoices must be reconciled against the blanket order and must be verified that the E1 contract balance matches the remaining balance of the contract capacity.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
Completed						
26-11	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT	High	Management should implement system controls and internal policies to enforce segregation of duties across procurement, receiving, and payment functions; and provide staff training on internal control principles while periodically reviewing workflows for compliance and conflicts of interest.	5/1/2026	3/31/2026	FMD has implemented a Computerized Maintenance Management System (CMMS). This effort supports the segregation of duties for purchase and receiving. A number of unique controls have been developed: 1) An approved Purchase Request Form is required. 2) Project Analyst must receive and deliver the approved purchase. 3) Invoice payments are approved by FMD managers in Scanman. All payments processed by Sr. Cost Analyst and Cost Analyst are routed to an FMD manager for review and approval.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
Completed						
26-26	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: INFORMATION & TECHNOLOGY SERVICES	Medium	During the audit we recommended that I&TS define and document User Access Management procedures that address: - Adding, modifying, and removing user access, - Required approvals and IT support requests User access information, - Including role and agreement type assignments	3/27/2026	3/27/2026	I&TS proactively made these changes during the course of the audit.
26-27	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: INFORMATION & TECHNOLOGY SERVICES	Medium	For the eleven exceptions noted, remove user access and/or update user access. User access should also be periodically reviewed to ensure users only have the minimum access required for their current responsibilities.	4/30/2026	3/31/2026	I&TS updated the 11 identified users' access and will periodically review user access for appropriateness.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
Completed						
26-12	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT and PROCUREMENT	Medium	Management should develop and implement comprehensive, written procurement procedures tailored to FMD's operations. These should cover all relevant purchasing methods, including - but not limited to - purchase order types, pre-approval requirements, requisition protocols, receiving and payment authorization processes, and signature standards (ensuring legibility and verifiability). Roles and responsibilities must be clearly defined to promote accountability and consistency.	1/1/2026	2/5/2026	SOP and FMD Purchasing Manuals were completed on 2/5/26.
26-17	Audit Report 25004 Issued: December 11, 2025 Title: Rent-A-Car Companies - Fiscal Year 2025 Department: LANDSIDE BUSINESS DEVELOPMENT	Low	The Landside Business Development and Accounting Departments should collaborate to complete the annual reconciliations within the period required in the Agreement.	3/31/2026	3/31/2026	LBD initiated a discussion with Accounting to address the reconciliation schedule for FY26. Accounting and LBD are in agreement and prepared to begin the FY26 reconciliation on schedule.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
Completed						
26-18	Audit Report 25004 Issued: December 11, 2025 Title: Rent-A-Car Companies - Fiscal Year 2025 Department: LANDSIDE BUSINESS DEVELOPMENT	Low	The Landside Business Development Department should continue to communicate with Avis, Budget, and Hertz to ensure CFCs are calculated accurately using a 25-hour Transaction Day.	1/31/2026	1/31/2026	LBD has communicated with the operators regarding the 25-hour day. The issue is slightly different for each RAC. LBD will survey other airports to determine if SAN policies are contradictory/unique and therefore creating the issue.
26-22	Audit Report 25015 Issued: March 25, 2026 Title: Change Order Compliance Department: AIRPORT DESIGN & CONSTRUCTION	Low	Management should consider requesting reimbursement for audit costs of \$149,079.	3/30/2026	3/30/2026	After discussions with management, Airport Design & Construction does not believe that requesting reimbursement for audit costs would be appropriate in this case as the issue, once discovered, was resolved quickly. ADC is preparing a notification to the JV that, should a similar situation occur in the future, the Authority may pursue reimbursement for audit costs.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
Completed						
26-08	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: PROCUREMENT	Low	The delivery confirmation forms should be updated to include relevant references such as item descriptions, quantities etc. or implement a standardized receiving log or digital tracking system to monitor the receipt and internal distribution of items. Management could also consider integrating the receiving process with existing procurement processes/systems to provide real-time visibility and traceability of goods, if feasible.	7/15/2026	3/31/2026	Procurement has updated the delivery confirmation form to contain all pertinent information and references. The updated form has been uploaded on the new tablet recently deployed. Procurement staff document the receipt of items in the Authority's financial system (E-1); however, real-time tracking is not currently supported or practical.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
In Progress						
26-24	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: TERMINAL BUSINESS DEVELOPMENT	High	Management should clarify and standardize ABRM permission levels by documenting role purposes, removing unnecessary elevated permissions from user roles, restricting access to modules based on job responsibilities, and eliminating access to unused system functions.	9/30/2026	9/30/2026	This recommendation was issued at the end of the quarter, so no follow-up activity was performed. However, TBD confirmed that IT&S reached out to Tadera, the software company, for guidance.
26-25	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: TERMINAL BUSINESS DEVELOPMENT	High	We recommend management configure and implement agreement type restrictions within ABRM to ensure user access is appropriately limited based on job responsibilities. Management should review all existing Agreement assignments and remove access for individuals who do not require full agreement type permissions. Access to all agreements should be granted only to users with a demonstrated business need, such as BI and Accounting staff who support cross functional activities.	9/30/2026	9/30/2026	This recommendation was issued at the end of the quarter, so no follow-up activity was performed. However, TBD confirmed that IT&S reached out to Tadera, the software company, for guidance.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
In Progress						
26-01	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT	Medium	Management should implement a centralized inventory management system by leveraging the Computerized Maintenance Management System (CMMS) or other inventory tools across all FMD shops to track maintenance supplies and attic stock and ensure that periodic inventory audits/counts are conducted to ensure accuracy and accountability.	6/1/2027	6/1/2027	FMD continues the process of implementing a centralized inventory management system in the Computerized Maintenance Management System (CMMS). To establish a baseline, FMD is conducting an inventory of maintenance shop supplies and attic stock for each shop and area within FMD with the areas at various levels of completion ranging from 100% complete to 25% complete.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
In Progress						
26-05	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT and PROCUREMENT	Medium	Management should develop and implement a formal MRO contract management framework that includes: a) documented guidelines (defining eligible materials, restrictions and sourcing protocols, b) step-by-step requestion procedures (with designated contacts and escalation paths), c) pre-purchase eligibility reviews, d) regular vendor performance evaluations (monitor service quality and adherence to contract terms), and e) staff training (to ensure consistent understanding and application of MRO procedures).	5/1/2026	5/1/2026	Procurement has published a Contract Administration Guide that is available to all Staff and best practices for contract monitoring is also included as part of the published Procurement Manual. The guide and manual can be used as a benchmark for the MRO contract management framework. MRO Solicitation is expected to be solicited in April.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
In Progress						
26-09	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: PROCUREMENT	Medium	Management should establish detailed Standard Operating Procedures (SOPs) for the receiving, inspection, documentation, and distribution of goods across the Authority. These procedures should be easily accessible to staff, integrated into onboarding and ongoing training programs, and reviewed and updated regularly to reflect changes in policy or operational needs.	7/15/2026	6/30/2026	Procurement will add the new SOPs to the published Procurement Manual and Contract Administration Guide on SharePoint to be easily accessible. The updated manual and guide will be published by the end of the fiscal year.
26-28	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: TERMINAL BUSINESS DEVELOPMENT	Medium	Enhance the existing alert-management framework by prioritizing critical notifications, assigning accountable reviewers, and implementing routine monitoring to ensure timely review and clearance of alerts.	9/30/2026	9/30/2026	A cross functional team was formed from TBD, LBD and Airline Relations and we met on April 9 and moving forward we have will have bi-weekly on this topic.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
In Progress						
26-07	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: PROCUREMENT	Medium	Management should revise/update the receiving process to include item-level verification upon receipt and require that packing slips be retained and matched to purchase orders and invoices.	7/15/2026	7/15/2026	Procurement, with the support of I&TS, is testing integrated technology utilizing a tablet for paperless copies of packing slips, delivery confirmation forms, and photos of delivered packages. After testing, Procurement will finalize the SOPs in anticipation of additional headcount and full integration of procedures as part of the FY 2027 Budget.
26-19	Audit Report 25008 Issued: December 30, 2025 Title: SP+ Shuttle Operations Department: LANDSIDE BUSINESS DEVELOPMENT	Medium	We recommend that LBD direct SP+ to work with ETA Transit to equip all shuttles with the necessary equipment to enable tracking of all shuttles. This will provide independent verification for the monthly In-Service calculations and the additional reports that are included.	6/30/2026	6/30/2026	LBD has directed SP+ to work with ETA Transit to determine the level of capabilities and investment required to equip all shuttles to enable effective tracking. In addition, LBD & SP+ are also examining other technology providers who may be able provide the same technology and operational solutions at a lower cost. LBD will review and evaluate any potential alternate solutions.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
In Progress						
26-20	Audit Report 25008 Issued: December 30, 2025 Title: SP+ Shuttle Operations Department: LANDSIDE BUSINESS DEVELOPMENT	Medium	We recommend that LBD direct SP+ to fully implement the ETA Transit system on all SP+ shuttles and configure, test, and verify ETA accurately tracks data (e.g., In Service hours) which can be used to calculate monthly data for required reports to the Authority. Additionally, SP+ should be trained on the ETA Transit system.	6/30/2026	6/30/2026	LBD has directed SP+ to obtain quotes to fully implement the ETA Transit system on all SP+ shuttles and configure, test, and verify ETA accurately tracks data (e.g., In Service hours) which can be used to calculate monthly data for required reports to the Authority. Additionally, LBD will require SP+ to be trained on full functionality and reconciliations of the ETA Transit system. In addition, LBD & SP+ are also examining other technology providers who may be able provide the same technology and operational solutions at a lower cost. LBD will review and evaluate any potential alternate solutions.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
In Progress						
26-21	Audit Report 25008 Issued: December 30, 2025 Title: SP+ Shuttle Operations Department: LANDSIDE BUSINESS DEVELOPMENT	Medium	We recommend that LBD require that Supplemental Monthly reports sent to the Authority are accurate and LBD should review all reports for accuracy when received. Additionally, LBD should utilize ETA to confirm the data included in the Monthly billings from SP+.	6/30/2026	6/30/2026	LBD has required that Supplemental Monthly reports sent to the Authority are accurate. LBD is in process of reviewing updated SOPs and developing checklists and reconciliations to ensure a detailed review of all reports for accuracy. Additionally, LBD has directed SP+ to cross-reference invoice data sources to ETA to system data and reports, and dispatch logs to confirm the data included in the Monthly billings from SP+ is relevant, accurate, and complete. LBD has also directed SP+ to provide a detailed Monthly Vehicle Status, Operations, Activity report to be included with the monthly reporting package.

Appendix B - Status of OCA Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2026
In Progress						
26-16	Audit Report 25004 Issued: December 11, 2025 Title: Rent-A-Car Companies - Fiscal Year 2025 Department: LANDSIDE BUSINESS DEVELOPMENT	Low	The Landside Business Development Department should request Payless to submit an Annual Report audited by a certified public accountant (CPA) that complies with Article 4.2.2 of the Concession Agreement prior to refunding or billing for any amounts due. Additionally, the Authority should impose a \$500 penalty on Payless for non-compliance with Article 4.2.2, in accordance with Article 5.2.	1/31/2026	4/30/2026	Payless has submitted a corrected report. OCA advised LBD that further corrections are needed, and those have been forwarded to Payless. Payless confirmed that they have forwarded the corrections to the CPA. Payless has paid the \$500 late reporting penalty for this report. We expect the final report from Payless by 4/30/2026.
26-23	Audit Report 25015 Issued: March 25, 2026 Title: Change Order Compliance Department: AIRPORT DESIGN & CONSTRUCTION	Low	To ensure analyses are completed and that non-allowable or duplicate markups are not included, all analyses and supporting documentation used to justify subcontractor change order markups should be part of the approved change order packages.	3/30/2026	4/30/2026	The Airport Design & Construction team will improve training processes to ensure that all analysis and supporting documentation related to subcontractor change orders are included in the approved change order packages. Training will be delivered in the next few weeks.

Staff Report

Meeting Date: June 4, 2026

Subject:

Risk Assessment and Proposed Fiscal Year 2027 Audit Plan of the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board Adopt Resolution No. 2026-0033, approving the proposed Fiscal Year 2027 Audit Plan of the Office of the Chief Auditor.

Background/Justification:

As directed by the Charter for the Office of the Chief Auditor (OCA), a risk-based internal Audit Plan must be submitted at least annually to the Audit Committee. After the Committee reviews and accepts the plan, it is sent to the San Diego County Regional Airport Authority Board for approval.

The Fiscal Year 2027 Proposed Audit Plan was prepared by the OCA based on a comprehensive Risk Assessment, input from Board Members and Audit Committee Members, input from Authority management, and a review of available staff resources. Details on the Risk Assessment methodology are included in Attachment A.

During the May 4, 2026, regularly scheduled meeting of the Audit Committee, the proposed OCA Fiscal Year 2027 Audit Plan (Attachment A) was presented. The Audit Committee voted unanimously to accept the Fiscal Year 2027 Audit Plan and to forward it to the Board for approval.

Fiscal Impact:

Adequate funding for the Audit Plan is included in the Proposed FY 2027 Operating Expense and FY 2028 Operating Expense Conceptual Budgets within the Chief Auditor Department and in NT1 Capital Budget.

Staff Report

Meeting Date: June 4, 2026

Page 2 of 2

Strategies

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

Focus Areas

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

Environmental Review:

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

Prepared by:

Lee M. Parravano
Chief Auditor

RESOLUTION NO. 2026-0033

A RESOLUTION OF THE BOARD OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY,
APPROVING THE FISCAL YEAR 2027 AUDIT PLAN OF
THE OFFICE OF THE CHIEF AUDITOR

WHEREAS California Public Utilities Code §170018 specifies the membership (consisting of board members and public members), the terms, and the responsibilities of the Audit Committee; and

WHEREAS §170018(g) of the California Public Utilities Code and the Authority Charter of the Office of the Chief Auditor require the Audit Committee to approve the annual internal and external audits, including the auditor's annual audit plan, for each fiscal year and submit the same to the Board for approval; and

WHEREAS at its regular meeting on May 4, 2026, the Audit Committee was presented with the Fiscal Year 2027 Proposed Audit Plan and voted to accept the plan and forward it for Board approval.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY approves the Fiscal Year 2027 Audit Plan of the Office of the Chief Auditor (Attachment A); and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June 2026, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Risk Assessment and Proposed Fiscal Year 2027 Audit Plan



Office of the Chief Auditor

May 4, 2026

Office of the Chief Auditor
Risk Assessment and Proposed Fiscal Year 2027 Audit Plan

INTRODUCTION

The Global Internal Audit Standards (*Standards*) and the Charter for the Office of the Chief Auditor (OCA) require the OCA to establish a risk-based approach to determine the priorities for internal audit activities.

A risk assessment for audit planning involves systematically scoring the impact of various risk factors, which are indicators of conditions or events that could adversely affect the San Diego County Regional Airport Authority (Authority). This assessment helps identify, measure, and prioritize activities based on their risk level. The results, combined with input from the Authority Board, Audit Committee, and management, were used to prepare the OCA Audit Plan for Fiscal Year 2027. The plan focuses on high-risk activities where the OCA can have the greatest impact, while ensuring the scope of work is achievable within the fiscal year.

AIRPORT AUTHORITY RISK OVERVIEW

The Airport Authority operates in a complex environment where safety, regulatory compliance, financial stewardship, and operational resilience are critical to mission success and public trust. The OCA's risk-based audit planning process is designed to provide the Board and Audit Committee with independent assurance that the Authority's governance, risk management, and internal controls are functioning as intended.

The Fiscal Year 2027 Proposed Audit Plan is informed by an enterprise-level assessment of the Authority's risk environment. These risks are not intended to represent all risks facing the Authority, but rather those that, if not effectively managed, could have the greatest impact on safety, compliance, financial integrity, or reputation.

Examples of enterprise risks informing the Audit Plan include:

- Safety, security, and operational continuity: where disruptions or control failures could materially affect airport operations and public confidence.
- Capital programs and construction: which involve sustained financial, compliance, and contract administration risk due to the scale, complexity, and duration of major projects.
- Financial stewardship: including risks related to revenue collection, expenditures, contract compliance, and the safeguarding of resources.
- Regulatory compliance and external oversight: where noncompliance could result in financial penalties, grant impacts, or reputational harm.
- Information systems and technology: reflecting increasing reliance on interconnected systems critical to operations and data integrity.
- Governance, ethics, and organizational capacity: which underpin effective risk management across all areas of the Authority.

These enterprise risks are intended to provide context for audit planning and do not represent a ranking of risks or a determination of audit priority. Additional context regarding the Authority's risk appetite and assurance framework is provided in Attachment 5.

Office of the Chief Auditor
Risk Assessment and Proposed Fiscal Year 2027 Audit Plan

The Proposed Audit Plan translates these enterprise risks into targeted audit and advisory activities. Audit resources are prioritized toward areas where the potential impact of risk is greatest, where controls are most critical, or where independent assurance provides the greatest value to the Airport Authority Board and executive leadership.

Not all enterprise risks are directly auditable in a given fiscal year, and the absence of an audit in a specific area does not indicate that risk is unmanaged. Audit coverage is determined based on a number of factors including, but not limited to, risk severity, timing, available assurance from management controls and external oversight activities.

AUDIT RESOURCES

The Audit Plan relies heavily on the identified risks and the availability of internal audit resources, which are determined through the budgeting process. The Fiscal Year 2027 budget for the OCA includes six full-time auditors and one executive assistant. Currently, the executive assistant position is vacant. The Fiscal Year 2027 Audit Plan provides 12,480 staff hours, as detailed in Table 1 and Attachment 1.

Table 1

Office of the Chief Auditor	Staff	Hours per Staff	Hours Available
Full Time Auditors	6	2,080	12,480
Hours for Fiscal Year 2027 Audit Plan			12,480

The OCA's Fiscal Year 2027 resources also include funding for external consultants, and the OCA's ongoing collaboration with the construction auditing firm Baker Tilly. Since fiscal year 2022, the OCA has collaborated with Baker Tilly to perform audits on construction activities related to the New T1 project. The OCA intends to leverage Baker Tilly and other external consultants'¹ expertise to enhance current staff capabilities and to execute the Proposed Audit Plan.² For Fiscal Year 2027, the OCA budgeted approximately \$400,000 in capital and \$100,000 in operating funds for construction and external consultants.

¹ In Fiscal Year 2027 The OCA intends to utilize Baker Tilly and a Cyber Security Provider.

² The OCA believes the resources are adequate and sufficient to achieve the Audit Plan.

Office of the Chief Auditor
Risk Assessment and Proposed Fiscal Year 2027 Audit Plan

RISK ASSESSMENT

The risk assessment methodology utilized by the OCA to construct the Fiscal Year 2027 Audit Plan is a five-part process consisting of:

1. Defining the Audit Universe
2. Identifying and Ranking Risks
3. Interpreting the Risk Assessment Results
4. Consideration of Other Risks and Factors
5. Developing the Audit Plan

DEFINING THE AUDIT UNIVERSE

The audit universe is a listing of potential audits that can be performed for the Authority. The list of potential audits is created by surveying Authority management and asking them to provide a list of all the Key Work Activities within their specific departments. Key Work Activities are the major functions/activities carried out by the Authority. An example of an Accounting Department Key Work Activity is Bank Reconciliations. Key Work Activities do not include items like checking email.

In Fiscal Year 2022 the OCA began a multi-year partnership with an on-call construction audit service provider, Baker Tilly, U.S., LLP, to audit the related construction activities For the New Terminal 1 Development (New T1). Baker Tilly has performed individual Risk Assessments on each specific package of the New T1. Internal auditing *Standards* require the OCA to ensure proper coverage and minimize the duplication of effort. Therefore, in compliance with the *Standards*, the OCA is utilizing Baker Tilly's individualized risk assessments to prioritize potential construction audit activities based on the level of risk. Key Work Activities for the Development Division associated with the New T1 were excluded from this assessment.

IDENTIFYING AND RANKING RISKS

The next step is to identify and rank major risks associated with each Key Work Activity. To achieve this, a management questionnaire was developed by the OCA which measures several risk factors examining the Likelihood and Impact each risk factor could have on the Authority. The questionnaire used the seven risk factors shown in Table 2 below.

Office of the Chief Auditor
Risk Assessment and Proposed Fiscal Year 2027 Audit Plan

Table 2

Risk Factor	Description
Likelihood	
Complexity of Operations or Regulations	What is the likelihood of something going wrong due to the complexity of this Key Work Activity?
Change / Stability	What is the likelihood of something going wrong due to a change in the process or the personnel carrying out this Key Work Activity?
Controls	How effective are the internal controls in place over this Key Work Activity?
Impact	
Fiscal Impact	What is the dollar impact if something were to go wrong with this Key Work Activity?
Travel Experience Impact	How would a traveler be impacted if something were to go wrong with this Key Work Activity?
Strategic / Operational Impact	How would the Authority's Strategic Objectives be impacted if something were to go wrong with this Key Work Activity?
Reputation	How would the Authority's reputation be impacted if something were to go wrong with this Key Work Activity?

Management completed the questionnaire and scored their department's Key Work Activities. The OCA then calculates the total risk score for each Key Work Activity. The Key Work Activities with the highest risk score within each Authority Division is provided in Attachment 3.

INTERPRETING THE RISK ASSESSMENT RESULTS

By sorting, organizing, and ranking the Key Work Activities, the OCA can better understand and interpret the results of the risk assessment. Key Work Activities ranked with a high likelihood or impact indicates that these activities are by nature a high risk, because of such factors as having complex or highly regulated transactions or could have a material impact on the Authority, if a risk event were to occur. A high-risk rank does not mean that an activity is being managed ineffectively.

CONSIDERATION OF OTHER RISKS AND FACTORS

In addition to our risk assessment model, we consider other factors when selecting activities for inclusion in the Audit Plan. For example, the OCA considers:

- Input/Requests from Authority staff, Board, and Audit Committee Members
- Time of last audit engagement,
- Velocity of impact if a risk event were to occur,

Office of the Chief Auditor

Risk Assessment and Proposed Fiscal Year 2027 Audit Plan

- Relevant or current events, including emerging risks that may affect future audit priorities,
- Areas where the OCA can have the greatest impact,
- Resource limitations that may exist,
- Opportunities to leverage outsourcing or co-sourcing arrangements

These factors can result in the OCA selecting activities for inclusion in the Audit Plan that may not have the highest likelihood or impact risk scores.

DEVELOPING THE AUDIT PLAN

The Audit Plan is developed by synthesizing the results of the risk assessment and the additional professional judgement considerations described above while ensuring the scope of work is achievable within the fiscal year. The Proposed Audit Plan is designed to support the OCAs strategic objectives by focusing on areas that are critical to the Authority's success. This ensures that the audit activities are relevant and contribute to the overall strategic goals and the OCA's vision. See Attachment 4 for the OCAs Vision and Strategic Objectives. The Audit Plan also considers the OCAs Mandate as described in the Charter for the Office of the Chief Auditor.

The effectiveness of the Audit Plan is assessed through the relevance of assurance provided to the Audit Committee and Board, the timely completion of engagements, and implementation of recommendations.

The activities developed for the Fiscal Year 2027 Proposed Audit Plan can be classified into four categories.

Audit

Audits engagements provide objective analyses, findings, and conclusions to assist management and those charged with governance with strengthening program performance and operations, reducing costs, supporting informed decision making, or contributing to public accountability.

Advisory

Advisory Services allow the OCA to assist management without providing assurance or assuming management responsibilities. The scope and nature of these services are defined in collaboration with management. Examples include advising on new policies or processes, training, or facilitating discussions.

General Audit

General audit activities do not result in a formal audit report or opinion being issued. These activities are either required³ or the OCA believes completion of these activities

³ Requirements are dictated by the Charter for the Office of the Chief Auditor, Charter of the Audit Committee, or the Global Internal Audit Standards

Office of the Chief Auditor
Risk Assessment and Proposed Fiscal Year 2027 Audit Plan

to be in the best interest of the Authority. Examples include performing the annual risk assessment, following up on prior audit recommendations, and administering the Fraud, Waste, Abuse, and Ethics hotline.

Administrative

Administrative activities encompass the general operation of the OCA. These include participation in staff, Board, or Committee meetings; required Authority training; holiday and vacation time; and the fulfillment of Continuing Professional Education (CPE) requirements.

The projected hours for each activity are determined through an analysis of historical averages from prior engagements and an evaluation of the complexity inherent in each selected area.

For audit activities, we undertake a comprehensive risk assessment for every engagement to ensure that our audit objectives focus on areas with the highest exposure. Audit objectives, procedures, and resource allocations may be adjusted as warranted by this assessment. The actual hours required may vary based on the final scope of each audit, which is informed by detailed engagement risk assessment and the complexity and extent of issues identified during the audit process.

The proposed Fiscal Year 2027 Audit Plan is provided as Attachment 1.

CONTINGENT AUDIT ACTIVITIES

The OCA has included contingent audit activities in the Proposed Fiscal Year 2027 Audit Plan, which will be initiated if all planned activities for the fiscal year are completed. If these contingent activities are not started in Fiscal Year 2027, they will be considered for the Fiscal Year 2028 Audit Plan. These activities are detailed in Attachment 2.

To ensure flexibility, the Chief Auditor may request to substitute a contingent audit for a planned audit based on professional judgment. Any substitutions will be discussed with the Chair of the Audit Committee and communicated to management and the Audit Committee during scheduled meetings.

AMENDMENTS TO THE AUDIT PLAN

Requests to amend the Audit Plan will be submitted to the Audit Committee. Any amendment must be approved by the Board, requiring five affirmative votes from the Audit Committee before Board approval.

Office of the Chief Auditor
Proposed Fiscal Year 2027 Audit Plan

ATTACHMENT 1

Division	Key Work Activity	Objective ⁴	Estimated Hours
Audit Hours			
Revenue Management and Innovation	Tenant Lease Administration and Management ⁵	To determine if Airport Rental Car Companies accurately paid concession fees and Customer Facility Charges (CFCs) / Transportation Facilities Charges (TFC) in fiscal year 2026, in all material respects. <i>Audit Engagement #26003</i>	500
Operations	Harbor Police Contract Mgmt. ⁵	To determine if Harbor Police costs or services are appropriate related to fiscal years 2021, 2022, 2023, 2024, and 2025. <i>Audit Engagement #25006</i>	400
Development	Construction ⁵	To evaluate compliance with bid, award, and billing requirements of subcontracts. <i>Audit Engagement #25016 – Baker Tilly</i>	400
Operations	ARFF Management ⁵	To determine if costs included in ARFF billings are appropriate. <i>Audit Engagement #26005</i>	400
Revenue Management and Innovation	Tenant Lease Administration and Management	To examine Turo's activity and related concessions and Transportation Facility Charges (TFC) due. <i>Audit Engagement #27001</i>	600
Revenue Management and Innovation	Customer, Employee, and Inter-terminal Shuttle Operations Contract Management	To determine if the Employee Shuttle Service operations are administered appropriately. <i>Audit Engagement #27002</i>	600
Revenue Management and Innovation	Tenant Lease Administration and Management ⁶	To determine if Airport Rental Car Companies accurately paid concession fees and Customer Facility Charges (CFCs) / Transportation Facilities Charges (TFC) in fiscal year 2027, in all material respects. <i>Audit Engagement #27003</i>	300
Finance	System Security	To evaluate the Authority's security posture by performing testing of a selected Information Technology system. <i>Audit Engagement #27004</i>	200
Revenue Management and Innovation	Parking Management Contract Administration	To determine if the expenses related to the parking management contract are administered appropriately. <i>Audit Engagement #27005</i>	600

⁴ Objective may change based on the preliminary survey performed by the OCA.

⁵ Audit activity carried forward from fiscal year 2026.

⁶ Audit activity will continue into fiscal year 2027.

Office of the Chief Auditor
Proposed Fiscal Year 2027 Audit Plan

ATTACHMENT 1

Division	Key Work Activity	Objective ⁴	Estimated Hours
Operations	Maintenance Service Contract Oversight	To determine if the management of Maintenance service contracts is appropriate. <i>Audit Engagement #27006</i>	550
N/A	To Be Determined	To initiate audit(s)/advisory engagements based on risks identified at the discretion of the Chief Auditor.	340
		Total Audit Hours	4,890
Advisory Service Hours			
Operations / Finance	Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract. <i>Advisory Service Engagement #27007-AS</i>	600
Revenue Management and Innovation	Tenant Lease Administration and Management	To provide management assistance with Rent a Car Companies related to reporting and payment of concession fees and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC). <i>Advisory Service Engagement #27008-AS</i>	50
Revenue Management and Innovation	Rental Car Shuttle Service Contract Administration	To provide management assistance with evaluating the billing and review process of SP+ shuttle services. <i>Advisory Service Engagement #27009-AS</i>	100
		Total Advisory Service Hours	750

Office of the Chief Auditor
Proposed Fiscal Year 2027 Audit Plan

ATTACHMENT 1

Division	Key Work Activity	Objective ⁴	Estimated Hours
General Audit Hours			
N/A	Risk Assessment and Audit Plan ⁷	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252
Development	Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	160
N/A	Development of Data Analytics	Enhance or develop the data analytics program.	200
N/A	Fraud, Waste, Abuse & Ethics Program ⁷	To review policies, perform training, and investigate reported incidents.	400
N/A	Recommendation Follow-up ⁷	To verify that internal and external audit recommendations have been implemented as intended.	160
N/A	Quality Assurance & Improvement Program ⁷	To conduct Internal Quality Assessments as required by Global Internal Audit Standards 12.1.	400
N/A	Quality Assurance & Improvement Program ⁷	To participate in a Peer Review Reciprocal Program as part an External Quality Assessment as required by Global Internal Audit Standards 8.4.	160
		Total General Audit Hours	1,732
Administrative Hours			
N/A	Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,972
N/A	Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,136
		Total Administrative Hours	5,108
		Total Hours	12,480

⁷ Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Office of the Chief Auditor
Fiscal Year 2027 Contingent Audit Activities

ATTACHMENT 2

Division	Key Work Activity	Objective ⁸	Estimated Hours
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) were accurately paid for a selected Rental Car Company based on Data Analytics or new entity.	400
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if an in-terminal concessionaire is complying with selected elements of their agreements.	600
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if a cost recovery is correctly calculated and billed to in-terminal tenants.	550
Revenue Management and Innovation	Parking Management Contract Administration	To determine if Dynamic Pricing is being managed appropriately.	550
Revenue Management and Innovation	TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475
Operations	Terminal Maintenance	To determine if the in-terminal inspections are performed appropriately.	500
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if the ABRM Quality Assurance program is managed appropriately.	600
Revenue Management and Innovation	Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	To determine if the processes and controls in place for citations are adequate and appropriate.	500
Development	Curfew Violations	Determine if curfew violations are administered appropriately.	500
Finance	P Card Administration	To determine if the Authority's P Cards are administered appropriately.	400

⁸ Objective may change based on the preliminary survey performed by the OCA.

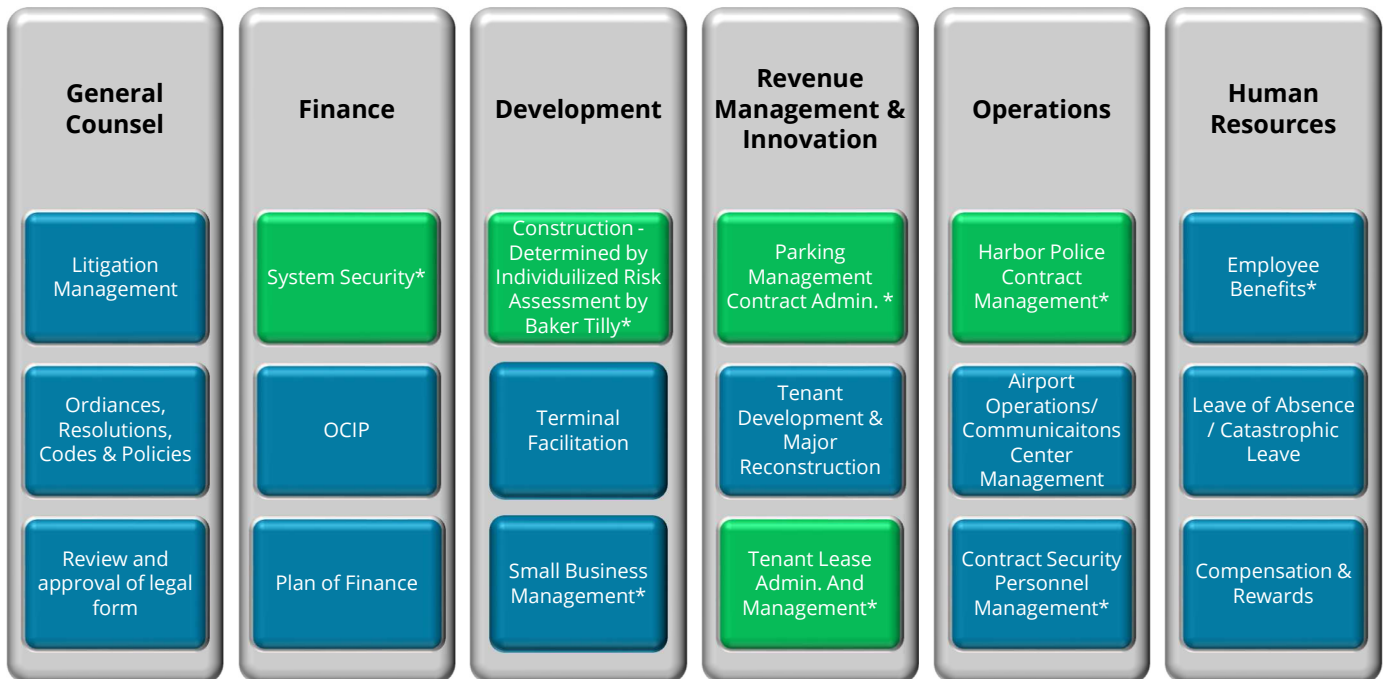
Office of the Chief Auditor
Fiscal Year 2027 Contingent Audit Activities

ATTACHMENT 2

Division	Key Work Activity	Objective	Estimated Hours
Finance	Formal Bidding and Contracting	To determine if the formal bid process for the Authority's is administered appropriately.	500
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if street pricing is administered appropriately.	500
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if the contract for advertising is administered appropriately.	500
Development	Quieter Homes Program	To determine if the development expenses related to the quieter homes program is administered appropriately.	500
Revenue Management and Innovation	Parking Management Contract Administration	To determine if the valet agreement is administered appropriately.	500
Revenue Management and Innovation	Commercial Vehicle Licensing, Permitting, & Revenue Collection	To determine if the taxi gatekeeper system is functioning appropriately.	500
		Total Contingent Audit Hours	7,975

Office of the Chief Auditor
Top Risks By Division

ATTACHMENT 3



* Indicates this Key Work Activity or components of this Key Work Activity have been audited within the last five fiscal years.

Indicates this Key Work Activity or components of this Key Work Activity are included in the Fiscal Year 2027 Audit Plan.

Vision

To be recognized as a leading internal audit function that is trusted and proactive in promoting a culture of accountability, transparency, and continuous improvement across the Authority.

Strategic Objectives

1. Enhance Audit Methodologies
2. Strengthen Stakeholder & Community Relationships
3. Promote Continuous Improvement & Build a Strong Audit Team
4. Leverage Technology, Innovation, and Outside Professionals
5. Enhance Communication and Reporting

Purpose

This attachment is provided to enhance the Audit Committee and Board's understanding of how the Office of the Chief Auditor's (OCA) risk-based Audit Plan aligns with the Airport Authority's overall risk posture and the broader system of assurance activities. It does not modify the OCA's risk assessment methodology, audit universe, or audit prioritization process.

Risk Appetite Context

Risk appetite reflects the amount and type of risk an organization is willing to accept in pursuit of its objectives. The Airport Authority's formal risk appetite is established through governance, policy, and management practices. The OCA considers both formal risk appetite and implicit risk tolerance when determining audit priorities.

Risk appetite establishes the overall boundaries for risk-taking, while risk tolerance categories describe how different types of risks are managed and overseen within those boundaries.

Risk Tolerance Categories

Risk tolerance categories describe how risks are generally managed and overseen across the Authority and do not represent a ranking of risk importance or audit priority. Risk tolerance reflects the immediacy and irreversibility of potential harm, not the importance or criticality of the underlying function.

For purposes of audit planning, enterprise risks are generally viewed through the following risk tolerance framework:

Low Tolerance Risk Domains

These areas typically warrant heightened oversight and lower tolerance for control failures due to their potential impact on safety, compliance, or public trust. Examples may include:

- Safety, Security, operational continuity, and emergency preparedness
- Regulatory compliance and grant assurance
- Ethical conduct and fraud risks

These domains are characterized by risks where control failures may result in immediate or irreversible harm, leaving little opportunity for mitigation once an event occurs.

Moderate Tolerance Risk Domains

These areas involve inherent operational and financial risk that are actively managed, monitored, and controlled. Examples may include:

- Capital program and construction management
- Financial stewardship and revenue integrity
- Contract administration and third-party oversight

Higher Tolerance / Managed Risk Domains

Certain risks are inherent to airport operations and are managed through established processes, performance monitoring, and leadership oversight. Examples may include:

- Technology enablement and system modernization
- Organizational change and workforce transitions
- Process efficiency and innovation initiatives

This risk domain, which includes information systems and technology, are considered higher-tolerance because risks are generally managed through specialized controls, continuous monitoring, external assurance, and recovery mechanisms.

Role of Internal Audit Across Risk Domains

Across all risk tolerance categories, the OCA provides independent assurance and advisory services focused on governance, oversight, and the effectiveness of internal controls, consistent with its Charter and professional standards. The nature and timing of audit involvement vary based on risk severity, available assurance from management and external sources, and overall resource considerations.

Assurance Coverage Model

The Airport Authority utilizes a comprehensive, multi-layered assurance framework to effectively manage risk, reflecting industry best practices. This is commonly referred to as a combined assurance model. The OCAs audit activities form an integral part of this broader assurance system.

Primary Sources of Assurance

- **Management Controls and Oversight**
Authority management is responsible for daily risk management, internal controls, performance monitoring, and compliance functions.
- **Internal Audit (OCA)**
The OCA provides independent and objective assurance and advisory services focusing on governance, risk management, and internal control effectiveness, as established in the Audit Plan.
- **External Assurance Providers**
Independent assurance is provided by external auditors, regulators, inspectors, and specialist consultants in their respective areas of expertise.

The Airport Authority's multi-layered assurance approach assigns direct responsibility for day-to-day risk management and internal controls to management, while the OCA delivers independent oversight of governance processes and control effectiveness. External auditors and regulators furnish additional independent scrutiny and specialized assurance. The OCA's Audit Plan is structured to complement these assurance activities and avoid unnecessary duplication.

Audit coverage is determined by factors such as risk severity, timing, the availability of other assurance mechanisms, and resource allocation.

Staff Report

Meeting Date: June 4, 2026

Subject:

Approve and Authorize the President/CEO to Negotiate and Execute Amendments to Existing Concession Agreements with HFF SAN T1, LLC (High Flying Foods) for Terminal 1 Phase 1B including concept modifications and phasing adjustments

Recommendation:

Adopt Resolution No. 2026-0034, authorizing the President/CEO to negotiate and execute amendments to existing concession agreements with HFF SAN T11, LLC (High Flying Foods or HFF) for Terminal 1 Phase 1B, including concept modifications and the deferred opening of two concession unit locations (Novo and El Pez).

Summary of Requested Amendments:

Topic	Existing / Awarded	Requested / Proposed Change	Notes and Timing
1. Concept modification	Puesto & Mostra Coffee (Unit T1.2.D.123)	Convert to full Puesto restaurant (2,734 sf total)	Projected +\$1.3M incremental Airport revenue over 15-year term (sales mix shift toward fuller menu)
2. Concept modification	El Pez (Unit T1.2.F.184)	Replace with Pacific Coffee Collective (rotating local coffee concept featuring Mostra as the anchor brand)	Projected +\$2.16M incremental Airport revenue over lease term; implementation deferred (see phasing row)
3. Deferred opening of two unit locations	Novo Brewing (Novo) (Unit T1.2.B.032) and El Pez / Pacific Coffee Collective (Unit T1.2.F.184)	Defer construction/opening of these concepts to align with projected passenger demand in Phase 1B	Deferred opening will be commensurate with the T2E Connector scheduled opening (estimated Jan 2029)

Background/Justification:

High Flying Foods is a concessionaire that was awarded two concession leases encompassing twelve food and beverage unit locations representing fourteen concepts or brands as part of the New Terminal 1 (NT1) concessions program. HFF is responsible for the majority of the concession units in NT1. In Phase 1A, HFF constructed and commenced operations of six unit locations representing seven concepts. The current concession leases require HFF to open and commence operations of six locations (representing seven concepts) on the first day of airline operations in Phase 1B. Initial rent for the six locations in Phase 1B is Percentage Rent as defined in the concession leases, thereafter, the rent is the greater of the Minimum Annual Guarantee ((MAG) which is 85% of the first year's Percentage Rent) or Percentage Rent. Failure to deliver the six units in Phase 1B results in an imposition of liquidated damages for HFF's failure to timely deliver the 1B concession locations.

As Phase 1B (T1B) approaches delivery of the six remaining unit locations, HFF requests targeted modifications to its awarded concepts, units and phasing strategy based on refined operational planning, T1B passenger projections, and evolving market conditions.

After concession lease execution, Authority staff reviewed the Phase 1B concession program and determined that the space may be overprogrammed. Twelve thousand square feet of food and beverage space in Phase 1B is set to serve approximately 1.6 -1.7 million projected enplanements. This results in lower passenger density per square foot than Phase 1A and creates risk to tenant performance if all remaining eight food and beverage unit locations are delivered concurrently. HFF is responsible for six of these units.

Concept Modifications

1. Puesto Expansion (Unit T1.2.D.123)

HFF proposes to convert the originally planned split concept (Puesto / Mostra Coffee) into a full 2,734 square foot Puesto restaurant.

Through ongoing coordination with the Puesto brand team, HFF determined that the original smaller footprint would not support the full operational requirements of the concept. Puesto's menu requires specialized back-of-house capabilities, including on-site production of handmade tortillas and a full scratch kitchen, which necessitate additional space. The expanded footprint also enables a more robust bar program, increases seating capacity to support higher passenger throughput, and allows a fuller menu consistent with the streetside restaurants.

From a financial perspective, the full Puesto buildout is expected to increase average transaction values, shift the sales mix toward higher-margin alcohol sales, and generate approximately \$1.3 million in additional Airport revenue over the concession lease term.

Absent the expansion, the split concept would limit operational efficiency and compromise the brand experience.

2. Pacific Coffee Collective (Unit T1.2.F.184)

HFF proposes to replace the El Pez concept with Pacific Coffee Collective, a curated, rotating coffee concept featuring multiple local San Diego roasters including Mostra Coffee as the anchor brand.

This change reflects the closure of the El Pez streetside restaurant. It also responds to the need for a dedicated coffee offering in this portion of the terminal following the Puesto modification. In addition, it provides an opportunity to better represent San Diego's local culinary identity.

Unlike a single-brand coffee concept, Pacific Coffee Collective is designed as a flexible platform that can showcase multiple local businesses over time. This model has been successfully implemented at Oakland San Francisco Bay Airport and is intended to keep the offering dynamic while supporting a broader range of local operators.

From a financial and operational standpoint, coffee represents a high-frequency, all-daypart category and is expected to generate higher sales productivity than the prior El Pez concept. HFF estimates an increase of approximately \$2.2 million in Airport revenue over the concession lease term.

If this change is implemented, the rent obligations under the current concession lease are affected in that rent will not be received for this location upon the opening of Phase 1B but instead at a later date. Once the location is opened, the Authority will receive Percentage Rent for the first lease year and the greater of MAG or Percentage Rent thereafter.

Combined Impact

Collectively, the proposed concept changes are projected to enhance passenger experience through stronger local offerings, improve operational efficiency, brand execution, and generate an estimated \$3.5 million in additional Airport revenue over the concession lease term compared to their original proposals.

High Flying Foods will be responsible for all costs associated with design, construction, and buildout of its leased premises, in accordance with the applicable concession agreements as amended. HFF will also be required to comply with mid-term refurbishment requirements set forth in the concession leases.

3. Deferred Opening of Two Unit Locations

In addition to the concept changes, HFF has requested deferred opening of two of their six Phase 1B unit locations. Staff evaluated this request and recommends supporting the phasing approach to defer Novo and the El Pez (re-concept to Pacific Coffee Collective) unit locations to better align with projected passenger demand and the Terminal 2 East Connector scheduled opening. Staff anticipate the deferred opening would occur up to 12 months after Phase 1B opens, however the proposed lease amendment will ensure that the Authority retains the ability to accelerate the required opening date of these concession locations.

Staff conducted financial analysis and evaluated industry benchmarks for enplanement metrics and space allocation to confirm that the revised program will continue to meet passenger demand with appropriate concession capacity. Opening all six units at initial Phase 1B projected passenger levels may result in reduced sales productivity per unit location, extended capital recovery periods exceeding concession lease terms, and challenges meeting industry financing thresholds. A phased delivery approach maintains overall Airport revenue while improving unit-level performance, as total passenger spend is distributed across fewer, higher-performing concepts rather than diluted across the original program.

As part of the requested amendments, staff is recommending a structured deferral of two Phase 1B unit locations (Novo and the re-concepted Pacific Coffee Collective). While the existing concessions leases provide for the assessment of Liquidated Damages (LDs) for failure to timely open, the Authority seeks to amend this provision to allow imposition of LDs for failure to open these units at a time set in the Authority's sole discretion.

This approach reflects staff's confirmation that Phase 1B provides adequate concession programming even if two of the food and beverage units are deferred for opening. An analysis was completed to compare anticipated enplanements with industry benchmark square footage allocations. Deferring select unit openings is expected to improve overall program performance and support tenant viability and preserve long-term Airport revenue.

The concession agreements will be amended to document the approved phasing strategy, including revised opening timelines for the deferred units and corresponding treatment of Liquidated Damages during the deferral period. If this change is implemented, the rent obligations under the current concession lease are affected in that rent will not be received for this location upon the opening of Phase 1B but instead at a later date. Once the location is opened, the Authority will receive Percentage Rent for the first lease year and the greater of MAG or Percentage Rent thereafter.

If the Board approves staff recommendations, Concession Leases No. 13957 and No. 13959 (collectively referred to as “Leases”) will be amended as follows:

1. Deferral of liquidated damages for Novo Brewing (Novo) (Unit T1.2.B.032) and El Pez / Pacific Coffee Collective (T1.2.F.184);
2. Adjust Operating Term for the two concession locations described herein;
3. Adjust the Rent Commencement Date for the two concession locations described herein; and
4. Adjust Construction and Capital Investment provisions related to time bound elements such as project completion schedule, Rent Incentive for Timely Opening, amortization & depreciation, and mid-term refurbishment.

Conclusion

Staff has reviewed HFF’s request and determined that the proposed concept modifications and deferred opening strengthen the long-term financial performance of the Airport’s concession program, maintain appropriate service levels for passengers, and enhance the representation of local brands within the NT1. Accordingly, staff recommends approval of the requested modifications as outlined in this report.

Fiscal Impact:

No fiscal impact to the concessions revenue budget is anticipated, as the proposed units are expected to meet existing passenger demand.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

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

Prepared by:

Dominique Sheck
Program Manager, Terminal Business Development

RESOLUTION NO. 2026-0034

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AMENDMENTS TO TWO SEPARATE CONCESSION AGREEMENTS WITH HFF SAN T1, LLC DBA HIGH FLYING FOODS FOR TERMINAL 1 PHASE 1B, INCLUDING CONCEPT MODIFICATIONS AND THE DEFERRED OPENING OF TWO CONCESSION UNIT LOCATIONS

WHEREAS, the San Diego County Regional Airport Authority ("Authority") and HFF SAN T1, LLC dba High Flying Foods ("HFF") are parties to two (2) Concession Lease agreements (No. 13957 and No. 13959) for multiple food and beverage concepts awarded as part of the Terminal 1 Program at San Diego International Airport ("Airport"); and

WHEREAS, as Terminal 1 Phase 1B approaches delivery, HFF requests targeted modifications to certain awarded concepts and phasing adjustments; and

WHEREAS, HFF proposes to convert the originally planned Puesto / Mostra Coffee concept in Unit T1.2.D.123 into a full Puesto restaurant to better support operational requirements, expand seating capacity, and improve the sales mix; and

WHEREAS, HFF also proposes to replace the El Pez concept in Unit T1.2.F.184 with Pacific Coffee Collective, a rotating local coffee concept featuring Mostra as an anchor brand, in order to provide a stronger dedicated coffee offering and better represent local San Diego brands; and

WHEREAS, the proposed concept modifications are projected to generate approximately \$3.46 million in additional Airport revenue over both concession leases' term, including approximately \$1.3 million from the Puesto expansion and approximately \$2.16 million from Pacific Coffee Collective; and

WHEREAS, staff recommends deferred opening of the Novo and El Pez (reconcepted to Pacific Coffee Collective) unit locations to align with Authority priorities; and

WHEREAS, staff has determined that the proposed concept modifications and limited deferred openings strengthen the long-term financial performance of the concession program, maintain appropriate passenger service levels, and enhance representation of local brands within Terminal 1; and

WHEREAS, the Board finds it in the best interest of the Authority to authorize the President/CEO to negotiate and execute amendments to the Concession Lease Agreements with HFF SAN T1, LLC dba High Flying Foods for Terminal 1 Phase 1B, including concept modifications and the deferred opening of select concession unit locations.

NOW, THEREFORE, BE IT RESOLVED that the Board authorizes the President/CEO to negotiate and execute an amendment to Concession Lease Agreement No. 13959 with HFF SAN T1, LLC dba High Flying Foods, including: replacement of the El Pez concept in Unit T1.2.F.184 with Pacific Coffee Collective and deferred opening of Novo Brewing (Unit T1.2.B.032) and Pacific Coffee Collective (Unit T1.2.F.184) unit locations; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to negotiate and execute an amendment to Concession Lease Agreement No. 13957 with HFF SAN T1, LLC dba High Flying Foods, including concept modifications such as the conversion of Unit T1.2.D.123 to a full Puesto restaurant; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to make additional amendments to the concession leases to effectuate this Resolution; and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June 2026, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: June 4, 2026

Subject:

Award a Contract to G&G Specialty Contractors, Inc. for Quieter Home Program Phase 14, Group 8, Project No. 381408 Thirty-Six (36) Non-Historic Single-Family and Multi-Family Units on Eight (8) Residential Properties Located East and West of the San Diego International Airport

Recommendation:

Adopt Resolution No. 2026-0035, awarding a contract to G&G Specialty Contractors, Inc. in the amount of \$1,692,996.00 for Phase 14, Group 8, Project No. 381408, of the San Diego County Regional Airport Authority's Quieter Home Program and making a finding that the project is exempt from the California Environmental Quality Act.

Background/Justification:

The San Diego County Regional Airport Authority's ("Authority") Quieter Home Program ("Program") provides sound attenuation treatments to residences within the highest noise-impacted neighborhoods surrounding San Diego International Airport ("SDIA"). This contract for Phase 14, Group 8, Project No. 381408 includes the installation of new acoustical windows, doors, and ventilation improvements to reduce aircraft-related noise levels and provide sound attenuation to Thirty-Six (36) non-historic single-family and multi-family units on Eight (8) residential properties located east and west of the Airport (refer to Attachment A).

To date, the Program has completed 6,099 residences, of which 1,254 are historic and 4,845 are non-historic. 3,988 residences are located west of SDIA and 2,111 are located east of SDIA.

Project No. 381408 was advertised on March 24, 2026, and bids were opened on April 24, 2026. The following bids were received (refer to Attachment B):

Company	Total Bid
G&G Specialty Contractors, Inc.	\$1,692,996
S&L Specialty Construction, Inc.	\$1,705,600
Global Builders, Inc.	\$2,082,906

Engineer's Estimate: \$1,818,440.81

The low bid of \$1,692,996 is considered responsive and G&G Specialty Contractors, Inc. is considered responsible. Award to G&G Specialty Contractors, Inc. is, therefore, recommended in the amount of \$1,692,996.

Fiscal Impact:

Adequate funds for the contract with G&G Specialty Contractors, Inc. are included in the adopted FY 2026 and conceptual FY 2027 Operating Expense Budgets within the Quieter Home Program budget line item. Sources of funding include federal Airport Improvement Program grants and Passenger Facility Charges.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

- A. CEQA: This Board action is a "project" subject to the California Environmental Quality Act ("CEQA"), Pub. Res. Code §21065. The individual projects under the Quieter Home Program are part of a class of projects that are categorically exempt from CEQA: 14 Cal. Code Regs. §15301 – "Existing Facilities: Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination."
- B. California Coastal Act Review: This Board action is a "development" as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. This project under the Quieter Home Program will consist of treatments to single-family and multi-family dwellings. Improvements to single-family homes are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(a) and 14 Cal. Code Regs. §13250 – "Improvements to

Single-Family Residences.” The proposed improvements to multi-family residences are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – “Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits.”

- C. NEPA: This Board action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on October 10, 2025, for these Quieter Home Program projects.

Prepared by:

Sjohnna Knack
Director, Planning, Noise, & Environment

ATTACHMENT A

TITLE: QUIETER HOME PROGRAM

PROJECT NO. 381408



LEGEND



Completed Parcels



SDIA 2026 65 CNEL Noise Contour



2026 Eligibility 65dB Boundary

TABULATION OF BIDS

ATTACHMENT B

TITLE: QUIETER HOME PROGRAM PROJECT NO. 381408
BIDS OPENED: April 24, 2026 at 2:00 p.m.
ENGINEER'S ESTIMATE: 1,818,440.81

ALL HIGHLIGHTED YELLOW ITEMS MUST BE UPDATED WITH YOUR CORRECT PROJECT INFO; PLEASE ENSURE TO GET RID OF ALL YELLOW HIGHLIGHTING

CONTRACTOR:		Engineer's Estimate						G&G Specialty Contractors, Inc.				S&L Specialty Construction, Inc.				Global Builders, Inc.						
ADDRESS:								1221 N. Mondel Drive, Gilbert, AZ 85233				315 S. Franklin Street, Syracuse, NY 13202				23276 S Pointe Drive, Suite #206, Laguna Hills, CA 92653						
GUARANTEE OF GOOD FAITH:								Hartford Casualty Insurance Company				Liberty Mutual Insurance Company				Merchants National Indemnity Company						
Res No.	Bid Item Number - Name/Address	Dwelling Units	Unit of Measure	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)			
381408.01	COMPAGNONE FAMILY REVOCABLE TRUST 2033 CATALINA BOULEVARD	1	Lump Sum	\$34,095.04	\$0.00	\$0.00	\$34,095.04	\$33,653.00	\$0.00	\$0.00	\$33,653.00	\$39,000.00	\$0.00	\$0.00	\$39,000.00	\$47,253.00	\$0.00	\$0.00	\$47,253.00			
381408.03	TRIONE 3836 ATASCADERO DRIVE	1	Lump Sum	\$51,223.60	\$0.00	\$0.00	\$51,223.60	\$55,363.00	\$0.00	\$0.00	\$55,363.00	\$63,000.00	\$0.00	\$0.00	\$63,000.00	\$62,450.00	\$0.00	\$0.00	\$62,450.00			
381408.04	ROSE 2736 NIPOMA STREET	1	Lump Sum	\$64,980.22	\$19,278.97	\$4,386.50	\$88,645.69	\$60,962.00	\$22,900.00	\$4,700.00	\$88,562.00	\$67,000.00	\$13,000.00	\$5,000.00	\$85,000.00	\$52,546.00	\$42,197.00	\$5,624.00	\$100,367.00			
381408.06	STOECKINGER 4298 TEMECULA STREET	1	Lump Sum	\$53,689.12	\$0.00	\$0.00	\$53,689.12	\$54,215.00	\$0.00	\$0.00	\$54,215.00	\$48,000.00	\$0.00	\$0.00	\$48,000.00	\$45,297.00	\$0.00	\$0.00	\$45,297.00			
381408.07	WEBER 2260 CAMINITO PESCADO UNIT 19	1	Lump Sum	\$103,313.48	\$13,332.39	\$6,832.50	\$123,478.36	\$83,938.00	\$12,950.00	\$5,400.00	\$102,288.00	\$109,000.00	\$12,000.00	\$6,000.00	\$127,000.00	\$31,727.00	\$36,568.00	\$5,624.00	\$73,919.00			
381408.10	SHULZE FAMILY TRUST 3520 TENNISVON STREET	1	Lump Sum	\$59,753.69	\$0.00	\$0.00	\$59,753.69	\$68,850.00	\$0.00	\$0.00	\$68,850.00	\$89,000.00	\$0.00	\$0.00	\$89,000.00	\$76,487.00	\$0.00	\$0.00	\$76,487.00			
381408.15	GRIFFIN AND MYERS 606 ARROYO DRIVE	1	Lump Sum	\$40,463.80	\$15,435.71	\$6,299.87	\$62,199.38	\$43,072.00	\$12,750.00	\$2,500.00	\$58,322.00	\$59,000.00	\$10,000.00	\$3,000.00	\$72,000.00	\$47,036.00	\$31,048.00	\$3,374.00	\$81,458.00			
381408.18	MILHOLLAND 1281 34TH STREET UNIT 01	1	Lump Sum	\$44,295.00	\$12,856.49	\$4,260.98	\$61,412.47	\$39,715.00	\$13,750.00	\$2,500.00	\$55,965.00	\$42,000.00	\$10,000.00	\$3,000.00	\$55,000.00	\$33,816.00	\$29,058.00	\$3,374.00	\$66,248.00			
381408.19	CIMINI 1281 34TH STREET UNIT 02	1	Lump Sum	\$30,781.52	\$12,856.49	\$5,957.23	\$49,595.24	\$40,254.00	\$13,750.00	\$5,000.00	\$47,531.00	\$27,000.00	\$10,000.00	\$5,000.00	\$42,000.00	\$29,652.00	\$29,058.00	\$5,624.00	\$64,334.00			
381408.20	LEE 1281 34TH STREET UNIT 03	1	Lump Sum	\$33,518.49	\$12,695.99	\$6,038.65	\$52,253.13	\$29,241.00	\$13,750.00	\$5,000.00	\$47,991.00	\$31,000.00	\$10,000.00	\$5,000.00	\$46,000.00	\$28,225.00	\$29,058.00	\$5,624.00	\$62,907.00			
381408.21	CHEUNG AND HEALEY 1281 34TH STREET UNIT 04	1	Lump Sum	\$33,300.03	\$12,750.41	\$5,794.39	\$51,844.83	\$29,100.00	\$13,750.00	\$5,000.00	\$47,850.00	\$28,000.00	\$10,000.00	\$5,000.00	\$43,000.00	\$29,319.00	\$29,058.00	\$5,624.00	\$64,001.00			
381408.22	CORDELL 1281 34TH STREET UNIT 05	1	Lump Sum	\$32,046.72	\$12,806.18	\$5,054.83	\$49,907.72	\$27,614.00	\$13,750.00	\$5,000.00	\$46,364.00	\$28,000.00	\$10,000.00	\$5,000.00	\$43,000.00	\$31,420.00	\$29,058.00	\$5,624.00	\$66,102.00			
381408.24	BLAIR 1281 34TH STREET UNIT 07	1	Lump Sum	\$29,096.88	\$0.00	\$0.00	\$29,096.88	\$24,831.00	\$0.00	\$0.00	\$24,831.00	\$19,000.00	\$0.00	\$0.00	\$19,000.00	\$25,061.00	\$0.00	\$0.00	\$25,061.00			
381408.25	WEIKEL 1281 34TH STREET UNIT 08	1	Lump Sum	\$41,675.84	\$0.00	\$0.00	\$41,675.84	\$36,385.00	\$0.00	\$0.00	\$36,385.00	\$29,000.00	\$0.00	\$0.00	\$29,000.00	\$30,199.00	\$0.00	\$0.00	\$30,199.00			
381408.26	APARICIO 1291 34th STREET UNIT 09	1	Lump Sum	\$31,342.15	\$14,953.46	\$8,532.14	\$54,827.75	\$28,840.00	\$13,950.00	\$6,400.00	\$49,190.00	\$31,000.00	\$10,000.00	\$8,000.00	\$49,000.00	\$40,690.00	\$24,197.00	\$5,624.00	\$70,511.00			
381408.28	MACEDO AND RIVERA 1291 34TH STREET UNIT 11	1	Lump Sum	\$19,240.64	\$0.00	\$0.00	\$19,240.64	\$15,745.00	\$0.00	\$0.00	\$15,745.00	\$15,000.00	\$0.00	\$0.00	\$15,000.00	\$19,848.00	\$0.00	\$0.00	\$19,848.00			
381408.32	ABDUL-LATIF 1291 34TH STREET UNIT 15	1	Lump Sum	\$25,620.82	\$13,564.98	\$8,728.90	\$47,914.70	\$21,410.00	\$13,750.00	\$6,400.00	\$41,560.00	\$27,000.00	\$10,000.00	\$8,000.00	\$45,000.00	\$24,360.00	\$24,197.00	\$5,624.00	\$54,181.00			
381408.34	KING 1291 34TH STREET UNIT 17	1	Lump Sum	\$31,113.91	\$13,883.74	\$8,688.19	\$53,685.84	\$27,206.00	\$13,500.00	\$6,400.00	\$47,106.00	\$31,000.00	\$10,000.00	\$7,000.00	\$48,000.00	\$25,533.00	\$24,642.00	\$5,624.00	\$55,799.00			
381408.36	SWEENEY 1291 34TH STREET UNIT 19	1	Lump Sum	\$13,963.15	\$13,798.01	\$8,552.49	\$36,273.66	\$12,315.00	\$13,500.00	\$6,000.00	\$31,815.00	\$13,000.00	\$10,000.00	\$7,000.00	\$30,000.00	\$15,654.00	\$24,712.00	\$5,624.00	\$45,990.00			
381408.37	FURBUSH 1291 34th STREET UNIT 20	1	Lump Sum	\$21,153.20	\$0.00	\$0.00	\$21,153.20	\$15,524.00	\$0.00	\$0.00	\$15,524.00	\$15,000.00	\$0.00	\$0.00	\$15,000.00	\$20,299.00	\$0.00	\$0.00	\$20,299.00			
381408.38	AGUIRRE 1291 34TH STREET UNIT 21	1	Lump Sum	\$22,475.61	\$12,804.58	\$9,125.83	\$44,406.02	\$18,369.00	\$12,000.00	\$6,000.00	\$36,369.00	\$21,000.00	\$10,000.00	\$7,000.00	\$38,000.00	\$23,583.00	\$24,712.00	\$5,624.00	\$53,919.00			
381408.39	LUKAS 1291 34TH STREET UNIT 22	1	Lump Sum	\$22,446.32	\$12,478.23	\$9,305.63	\$44,230.18	\$18,369.00	\$12,000.00	\$6,000.00	\$36,369.00	\$21,000.00	\$10,000.00	\$7,000.00	\$38,000.00	\$20,288.00	\$24,712.00	\$5,624.00	\$50,624.00			
381408.42	VILLASENOR 1261 34TH STREET UNIT 25	1	Lump Sum	\$36,300.23	\$0.00	\$0.00	\$36,300.23	\$32,705.00	\$0.00	\$0.00	\$32,705.00	\$26,000.00	\$0.00	\$0.00	\$26,000.00	\$31,519.00	\$0.00	\$0.00	\$31,519.00			
381408.43	COLLEEN FINNEGAN LIVING TRUST 1261 34TH STREET UNIT 26	1	Lump Sum	\$33,941.87	\$14,096.62	\$7,772.22	\$55,770.70	\$29,050.00	\$14,000.00	\$6,000.00	\$49,050.00	\$31,000.00	\$10,000.00	\$5,000.00	\$46,000.00	\$24,000.00	\$33,908.00	\$5,624.00	\$63,532.00			
381408.44	SHAW FAMILY TRUST 1261 34th STREET UNIT 27	1	Lump Sum	\$33,960.00	\$13,885.23	\$7,968.98	\$55,814.21	\$29,099.00	\$14,000.00	\$6,400.00	\$49,499.00	\$32,000.00	\$10,000.00	\$7,000.00	\$49,000.00	\$27,245.00	\$33,978.00	\$5,624.00	\$66,847.00			
381408.45	HIDALGO 1261 34th STREET UNIT 28	1	Lump Sum	\$33,956.51	\$14,142.31	\$7,772.22	\$55,871.04	\$29,097.00	\$14,000.00	\$6,400.00	\$49,497.00	\$31,000.00	\$10,000.00	\$8,000.00	\$49,000.00	\$28,886.00	\$33,978.00	\$5,624.00	\$68,488.00			
381408.46	ZACK 1261 34TH STREET UNIT 29	1	Lump Sum	\$34,032.00	\$14,142.31	\$7,772.22	\$55,946.53	\$29,100.00	\$14,000.00	\$6,400.00	\$49,500.00	\$31,000.00	\$10,000.00	\$8,000.00	\$49,000.00	\$25,930.00	\$33,908.00	\$5,624.00	\$65,462.00			
381408.47	BARBARA 1261 34th STREET UNIT 30	1	Lump Sum	\$33,982.66	\$14,142.31	\$7,025.87	\$55,150.84	\$29,104.00	\$14,000.00	\$6,400.00	\$49,504.00	\$31,000.00	\$10,000.00	\$8,000.00	\$49,000.00	\$27,538.00	\$33,978.00	\$5,624.00	\$67,140.00			
381408.48	SALAS AND KIRWIN 1261 34th STREET UNIT 31	1	Lump Sum	\$33,284.60	\$14,142.31	\$7,789.18	\$55,216.10	\$28,902.00	\$14,000.00	\$6,400.00	\$49,302.00	\$32,000.00	\$10,000.00	\$8,000.00	\$50,000.00	\$28,786.00	\$33,978.00	\$5,624.00	\$68,388.00			
381408.49	MCCASKILL 1261 34TH STREET UNIT 32	1	Lump Sum	\$41,511.06	\$14,142.31	\$7,124.25	\$62,777.62	\$43,071.00	\$14,000.00	\$6,400.00	\$53,471.00	\$40,000.00	\$10,000.00	\$8,000.00	\$58,000.00	\$35,220.00	\$33,908.00	\$5,624.00	\$74,752.00			
381408.50	OTHMAN 1271 34TH STREET UNIT 33	1	Lump Sum	\$33,470.31	\$10,444.22	\$4,264.37	\$48,178.90	\$31,473.00	\$11,500.00	\$5,900.00	\$48,873.00	\$31,000.00	\$12,000.00	\$7,000.00	\$50,000.00	\$33,853.00	\$30,759.00	\$5,624.00	\$70,236.00			
381408.51	TRIOLA WHITE LIVING TRUST 1271 34TH STREET UNIT 34	1	Lump Sum	\$25,028.49	\$10,444.22	\$5,051.43	\$40,524.14	\$23,816.00	\$11,000.00	\$5,900.00	\$40,716.00	\$26,000.00	\$12,000.00	\$5,000.00	\$43,000.00	\$24,876.00	\$30,759.00	\$5,624.00	\$61,259.00			
381408.53	KATHRYN ROSE PEPE TRUST 1271 34th STREET UNIT 36	1	Lump Sum	\$18,889.87	\$0.00	\$0.00	\$18,889.87	\$17,667.00	\$0.00	\$0.00	\$17,667.00	\$14,000.00	\$0.00	\$0.00	\$14,000.00	\$23,426.00	\$0.00	\$0.00	\$23,426.00			
381408.54	SENK PROPERTIES, LLC 1271 34TH STREET UNIT 37	1	Lump Sum	\$24,380.95	\$10,444.22	\$5,051.43	\$39,876.60	\$23,617.00	\$11,000.00	\$5,900.00	\$40,517.00	\$26,000.00	\$12,000.00	\$6,000.00	\$44,000.00	\$28,994.00	\$30,759.00	\$5,624.00	\$65,377.00			
381408.55	ANDERSON 1271 34TH STREET UNIT 38	1	Lump Sum	\$26,874.88	\$0.00	\$0.00	\$26,874.88	\$25,364.00	\$0.00	\$0.00	\$25,364.00	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$27,285.00	\$0.00	\$0.00	\$27,285.00			
381408.56	JERNIGAN 1332 GREGORY STREET	1	Lump Sum	\$38,050.50	\$14,183.53	\$6,812.14	\$59,046.17	\$44,733.00	\$13,750.00	\$5,400.00	\$63,883.00	\$44,000.00	\$10,000.00	\$5,000.00	\$59,000.00	\$38,463.00	\$26,252.00	\$5,624.00	\$70,339.00			
				Subtotal				\$1,796,840.81					Subtotal				\$1,684,000.00	Subtotal				
				Probable Cost for Permits:				\$21,600.00	Probable Cost for Permits:								\$21,600.00	Probable Cost for Permits:				
				TOTAL				\$1,818,440.81	TOTAL BID				\$1,692,496.00	TOTAL BID				\$1,705,600.00	TOTAL BID			

RESOLUTION NO. 2026-0035

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARDING A CONTRACT TO G&G SPECIALTY CONTRACTORS , INC. IN THE AMOUNT OF \$1,692,996 FOR PHASE 14, GROUP 8, PROJECT NO. 381408, OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY'S QUIETER HOME PROGRAM AND MAKING A FINDING THAT THE PROJECT IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

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

WHEREAS, Phase 14, Group 8, of the Program will include the installation of new acoustical windows, doors, and ventilation improvements to reduce aircraft-related noise levels inside the homes; and

WHEREAS, Phase 14, Group 8, of the Program provides sound attenuation to thirty-six (36) non-historic single-family and multi-family units on eight (8) residential properties located east and west of the San Diego International Airport; and

WHEREAS, the Authority issued a Bid Solicitation Package for Phase 14, Group 8, on March 24, 2026; and

WHEREAS, on April 24, 2026, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

WHEREAS, the apparent low bidder, G&G Specialty Contractors, Inc. submitted a bid of \$1,692,996 and the Authority's staff has duly considered the bid and has determined that G&G Specialty Contractors, Inc. is responsible, and its bid is responsive in all material respects; and

WHEREAS, the San Diego County Regional Airport Authority Board ("Board") believes that it is in the best interest of the Authority and the public that it serves to award G&G Specialty Contractors, Inc., the lowest bidder, the contract for Phase 14, Group 8, upon the terms and conditions set forth in the Bid Solicitation Package.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby awards a contract to G&G Specialty Contractors, Inc., in the amount of \$1,692,996 for Phase 14, Group 8, Project No. 381408, of the San Diego County Regional Airport Authority's Quieter Home Program; and

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

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

BE IT FURTHER RESOLVED that the Board finds that this is a "project" as defined by the California Environmental Quality Act ("CEQA"), Cal. Pub. Res. Code §21065, and that the individual Quieter Home Program projects are categorically exempt from the CEQA under Cal. Code Regs. §15301(f), "Existing Facilities"; and

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

BE IT FURTHER RESOLVED that the Board finds that this action is a project that involves approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, also requires review under the National Environmental Policy Act ("NEPA") for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on October 10, 2025, for these Quieter Home Program projects.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June 2026, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: June 4, 2026

Subject:

Brown Act Updates Related to California Senate Bill 707 and Adoption of a Technology Disruption Policy

Recommendation:

Adopt Resolution No. 2026-0036, amending Policy 1.33, Public Participation in Meetings of the Board, and approving Policy 1.34, Technology Disruption Policy for Board, Airport Land Use Commission, and Committee Meetings, as required by the Ralph M. Brown Act, as amended by Senate Bill 707.

Background/Justification:

California Senate Bill 707 (SB 707) made several updates to the Ralph M. Brown Act (Government Code §54950 *et seq.*) (Brown Act). The Brown Act establishes requirements for open meetings of local legislative bodies. SB 707 updated provisions related to two-way remote public participation, teleconferencing, accessibility, and an eligible legislative body's requirement to approve at a notice public meeting in open session, not on the consent calendar, a policy regarding disruption of telephonic or internet service occurring during meetings (Technology Disruption Policy).

An "eligible legislative body" is defined, in part, as the "board of directors of a special district that has an internet website and ... (i) the boundaries of the special district include the entirety of a county with a population of 600,000 or more, and the special district has over 200 full-time equivalent employees, [or (ii)] the special district has annual revenues, based on the most recent Financial Transaction Report data published by the California State Controller, that exceed four hundred million dollars (\$400,000,000), adjusted annually for inflation commencing January 1, 2027, as measured by the percentage change in the California Consumer Price Index from January 1 of the prior year to January 1 of the current year, and the special district employs over 200 full-time equivalent employees." The San Diego County Regional Airport Authority meets the definition of an "eligible legislative body"¹ and must comply with the Brown Act updates under SB 707.

1 – The Authority is governed by a board of directors, has an internet website, employees more than 200 full time employees with 477 full time employees (as of 5/1/2026), and the boundaries of the Authority are in San Diego County with a population exceeding 600,000 at 3.2 million (US Census Bureau 2025). Additionally, the Authority has annual revenues that exceed \$400,000,000 at \$506.07 million based on the most recent Financial Transaction Report data published by the California State Controller (as of 2024).

The purpose of a Technology Disruption Policy is to establish procedures to ensure transparency and continuity of meetings in the event of a technology disruption during a Board, ALUC, or committee meeting, while maintaining flexibility to respond based on specific circumstances. Authority Staff proposes the Board adopt Policy 1.34, Technology Disruption Policy for Board, Airport Land Use Commission, and Committee Meetings to remain compliant with SB 707.

Policy 1.34 includes response procedures in the event of disruption to telephonic or internet service during a meeting that prevents members of the public from observing or participating in a Board meeting through the two-way telephonic or audiovisual platform. These procedures include recessing the open session for at least one hour and the Authority making good faith efforts to restore service. The meeting may not be reconvened in open session until at least one hour has passed or service has been restored, whichever occurs first. If service has not been restored upon reconvening in open session, the Board must adopt a finding by rollcall vote that good faith efforts were made to restore access and that the public interest in continuing the meeting outweighs the public interest in providing remote access. Otherwise, the meeting must be adjourned.

Lastly, Authority staff recommends the Board adopt amendments to Policy 1.33 Public Participation in Meetings of the Board, which address electronic and remote public participation.

Fiscal Impact:

No ongoing fiscal impact is anticipated.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

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

Prepared by:

Annette Fagan Ortiz
Authority Clerk

RESOLUTION NO. 2026-0036

A RESOLUTION OF THE BOARD OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY,
AMENDING AUTHORITY POLICY 1.33 AND
ADOPTING AUTHORITY POLICY 1.34

WHEREAS, the Authority Codes and Policies were initially adopted by Interim Authority Board of Directors on September 20, 2002; and

WHEREAS, Senate Bill 707 (SB 707) establishes new state law requirements for the Ralph M. Brown Act (Government Code § 54950 et seq.) for open meetings of the local legislative bodies; and

WHEREAS, the legislative body must amend Policies 1.33, which governs Public Participation in Meetings of the Board, and 1.34 which establishes a Technology Disruption Policy; and

WHEREAS, the proposed amendments are included in Attachment A and B.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby amends the San Diego County Regional Airport Authority Policy 1.33 and 1.34 per the requirements of SB 707; and

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June 2026, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

- ARTICLE 1** - **ADMINISTRATION AND GOVERNANCE**
PART 1.3 - **BOARD AND COMMITTEE MEETINGS**
SECTION 1.33 - **PUBLIC PARTICIPATION IN MEETINGS OF THE BOARD OF DIRECTORS, AIRPORT LAND USE COMMISSION AND STANDING COMMITTEES OF THE BOARD**
-

PURPOSE: To establish a policy for public participation during meetings of the Board of Directors (“**Board**”), Airport Land Use Commission (“**ALUC**”), and standing committees of the Board (“**Committees**”) of the San Diego County Regional Airport Authority (“**Authority**”).

POLICY STATEMENT:

- (1) The public may participate in all public (open) sessions of the Board, ALUC, and Committees subject to the provisions of this policy, [whether attending in person or through an authorized remote participation platform made available by the Authority.](#)
- (2) No person may address the Board, ALUC, or Committees without the permission of the Chair of the Board (“**Chair**”).
- (3) Persons wishing to address the Board, ALUC, or Committees must submit a “Request to Speak” form in person to the Authority Clerk (“**Clerk**”) [or may submit a request electronically or through other procedures identified on the meeting agenda for remote participation.](#)
- (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~~ [Item](#) to be addressed (e.g., Public Comment, Consent Agenda and General Items). Failure to complete a form [or submit an electronic request](#) 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. [Members of the public participating remotely shall be provided the same opportunity to address the Board as members of the Public participating in person.](#)
- (6) Persons wishing to speak on specific agenda items should reserve their comments until the specific item is taken up by the Board.
- (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. [These time limits shall apply equally to in person and remote participants.](#)
- (8) Groups shall be defined as any organization which has at least five (5) members, adopted bylaws, and meets regularly (at least semi-annually). The speaker for the group must have been

voted on by the majority of the group to represent them; 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(ies) that has(ve) a project which requires a consistency determination by the ALUC.

(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 may extend or reduce the amount of time given to individual speakers, applicants, groups and referring jurisdictions or suspend the requirements of this policy, provided that remote participants are afforded the same procedural rights and opportunities to comment as in-person participants.

(12) The Authority shall provide a means by which members of the public may remotely observe the meeting and offer public comment in real time during the meeting consistent with applicable law. The remote participation platform shall permit two-way communication for public comment opportunities identified on the agenda.

(13) In the event of a disruption to the remote participation platform or call-in system that prevents members of the public from offering public comment remotely, the Board, ALUC, or Committee shall take no further action on agenda items until remote public access is restored, except as otherwise permitted by law.

~~(1214)~~ This policy shall apply to the conduct of meetings of the Board, ALUC, and all Committees created by the Board.

[Amended by Resolution No. 2026-XXXX dated June 4, 2026.]

[Amended by Resolution No. 2018-0133 dated December 6, 2018.]

[Amended by Resolution No. 2007-0088 dated September 6, 2007.]

[Amended by Resolution No. 2006-0001 dated January 5, 2006.]

[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 AND COMMITTEE MEETINGS
**SECTION 1.34 - TECHNOLOGY DISRUPTION POLICY FOR BOARD, AIRPORT
LAND USE COMMISSION, AND COMMITTEE MEETINGS**

PURPOSE: To establish procedures for responding to a disruption in the telephonic or internet services that provide two-way remote public access to meetings of the Board, Airport Land Use Commission and Committees, as required by the Ralph M. Brown Act (Gov. Code §54953.4). The policy ensures transparency, public participation, and continuity of government during technology disruptions.

POLICY STATEMENT:

- (1) For the purposes of this policy:
 - a. “Disruption” means any failure, outage, or other interruption that prevents members of the public from attending or observing the meeting via these remote access services.
 - b. “Remote access services” means the two-way telephonic service and /or two-way audiovisual platform used to provide real-time remote public attendance and observation of meetings.
- (2) This policy applies to all open and public meetings of the San Diego County Regional Airport Authority Board of Directors, the Airport Land Use Commission, and Committees at which remote participation is offered or required under the Brown Act.
- (3) If the Chair or Clerk becomes aware of a disruption to the Authority’s remote access services that prevents members of the public from attending or observing the meeting remotely via the two-way telephonic or two-way audiovisual platform:
 - a. The Chair or Clerk shall immediately announce the disruption to the public.
 - b. The Chair shall recess the open session. The Board, ALUC, or Committee may meet in closed session during this period, consistent with the Brown Act.
 - c. Staff shall immediately begin efforts to diagnose and restore the disrupted service.
 - d. The open meeting shall remain in recess for at least one (1) hour following the disruption or until telephonic or internet service is restored, whichever is sooner. The recess period may be extended if restoration efforts are ongoing.

- (4) The Authority shall make good faith efforts to restore remote access services, which may include:
 - a. Troubleshooting platform or teleconferencing software.
 - b. Resetting or replacing audiovisual equipment.
 - c. Attempting alternative connection methods.
 - d. Contacting necessary support staff or service providers.
 - e. Switching to back-up equipment or platforms, if available.
- (5) The Clerk, in consultation with staff or the Information and Technology Services department, shall document the restoration efforts undertaken, for the record.
- (6) The open session may be reconvened after at least one (1) hour has elapsed from the time of disruption or as soon as service is restored, whichever occurs earlier.
 - a. If the remote access service is restored before or at the time the meeting reconvenes, the meeting shall continue as normal.
 - b. If the service has not been restored after one (1) hour, the Board, ALUC, or Committee may reconvene and:
 - i. Adjourn the meeting; or
 - ii. Continue the meeting in open session by adopting, by rollcall vote, the following or a substantially similar finding:
 - 1. Staff has made good faith efforts to restore telephonic or internet service in accordance with this Policy 1.34, and the public interest in continuing the meeting outweighs the public interest in remote public access.
 - c. Upon adoption of the finding, the Board, ALUC, or Committee may continue the open session despite the fact that remote access services have not been restored.
- (7) The Clerk shall enter a brief statement into the meeting minutes, including the following:
 - a. The nature and time of the disruption.
 - b. The restoration efforts undertaken.
 - c. The time the meeting was reconvened (if applicable).
 - d. Any finding adopted pursuant to Section 4 above.
- (8) This policy may be amended by the Board at a noticed public meeting in open session, not on the consent calendar.



Brown Act Updates SB 707

Implementation and Required Actions

June 4, 2026



Senate Bill 707



**California law October 3, 2025.
Places additional requirements on “Eligible Legislative Bodies”**

Key Changes:

- Hybrid public meeting access
 - Two-way audiovisual or two-way telephonic participation options
 - Modernized teleconferencing options
- Accessibility and language/translation access
- Adopt a Technology disruption policy by July 1, 2026

How SB707 affects SDCRAA?



- Remote public participation will require operational changes.
 - Clerk's Office continues to collaborate with IT&S and other stakeholders
 - Anticipate use of Teams for two-way audiovisual platform
 - Amendments to Policy 1.33 –remote participation updates.
 - Policy 1.34 (new policy) – Technology Disruption Policy for Board, ALUC, and Committee meetings.

Policy 1.34 - Technology Disruption Policy



ATTACHMENT B

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 1	-	ADMINISTRATION AND GOVERNANCE
PART 1.3	-	BOARD AND COMMITTEE MEETINGS
SECTION 1.34	-	TECHNOLOGY DISRUPTION POLICY FOR BOARD, AIRPORT LAND USE COMMISSION, AND COMMITTEE MEETINGS

PURPOSE: To establish procedures for responding to a disruption in the telephonic or internet services that provide two-way remote public access to meetings of the Board, Airport Land Use Commission and Committees, as required by the Ralph M. Brown Act (Gov. Code §54953.4). The policy ensures transparency, public participation, and continuity of government during technology disruptions.

POLICY STATEMENT:

- (1) For the purposes of this policy:
 - a. "Disruption" means any failure, outage, or other interruption that prevents members of the public from attending or observing the meeting via these remote access services.
 - b. "Remote access services" means the two-way telephonic service and /or two-way audiovisual platform used to provide real-time remote public attendance and observation of meetings.
- (2) This policy applies to all open and public meetings of the San Diego County Regional Airport Authority Board of Directors, the Airport Land Use Commission, and Committees at which remote participation is offered or required under the Brown Act.
- (3) If the Chair or Clerk becomes aware of a disruption to the Authority's remote access services that prevents members of the public from attending or observing the meeting remotely via the two-way telephonic or two-way audiovisual platform:
 - a. The Chair or Clerk shall immediately announce the disruption to the public.
 - b. The Chair shall recess the open session. The Board, ALUC, or Committee may meet in closed session during this period, consistent with the Brown Act.
 - c. Staff shall immediately begin efforts to diagnose and restore the disrupted service.
 - d. The open meeting shall remain in recess for at least one (1) hour following the disruption or until telephonic or internet service is restored, whichever is sooner. The recess period may be extended if restoration efforts are ongoing.

Overview of Policy 1.34

- The Chair or Clerk shall immediately announce the disruption to the public.
- The Chair may then call for a recess of the open session or convene the legislative body in closed session, consistent with the Brown Act.
- Staff shall begin good faith efforts to diagnose and restore the disrupted service.
- The meeting shall remain in recess for at least one hour or until service is restored, whichever is sooner. The recess period may be extended if restoration efforts are ongoing.

Summary and Recommendation



SB 707 Modernizes Brown Act requirements by strengthening how public meetings are conducted.

- Provides for mandatory hybrid public access
- Improves accessibility and language access
- Sets clear standards for managing technology disruptions.
- Allows for greater consistency in remote participation requirements.

Recommendation:

Adopt Resolution No. 2026-0036, amending Policy 1.33, Public Participation in Meetings of the Board, and approving Policy 1.34, Technology Disruption Policy for Board, Airport Land Use Commission, and Committee Meetings, as required by the Ralph M. Brown Act, as amended by Senate Bill 707.

Questions?



Staff Report

Meeting Date: June 4, 2026

Subject:

Approval and Adoption of the Operating Budget for Fiscal Year 2027, the Capital Program for Fiscal Years 2027-2031, and Conceptual Approval of the Operating Budget for Fiscal Year 2028

Recommendation:

Adopt Resolution No. 2025-0037, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2027, the Capital Program for Fiscal Years 2027-2031, and conceptually approving the Operating Budget for Fiscal Year 2028.

Background/Justification:

On May 14, 2026, the Board participated in a Workshop that reviewed the Proposed Operating Expense Budget for Fiscal Year 2027, Conceptual Fiscal Year 2028 Budget, and Fiscal Year 2027 – Fiscal Year 2031 Capital Program. After an in-depth presentation and discussion, the proposed Fiscal Year 2027 Operating Expense Budget, proposed FY 2028 Conceptual Operating Expense Budget and Fiscal Year 2027– Fiscal Year 2031 Capital Program were forwarded for Board approval and adoption at the June 4, 2026, Board meeting. Per Authority Policy 4.01, the Authority's Board of Directors 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) effectively managing the facilities and airport under the jurisdiction of the Authority.

The proposed Fiscal Year 2027 Operating Expense Budget (Budget) of \$538.2 million marks the Authority's twenty-fourth fiscal year operating budget. The Budget includes funds for operational expenses to manage the Airport and preserve the Authority's financial position.

The personnel budget is based on the Authority's established pay schedule and the compensation philosophy adopted under Board Resolution 2019-0075. This philosophy promotes equal pay for comparable roles that are internally equitable, externally competitive, and transparently communicated, all while supporting long-term financial sustainability. The personnel budget also reflects classifications for full-time employment and incorporates pay rates negotiated with Teamsters Local 911 for represented staff. Fiscal Year 2027 Budget removes a one percent additional contribution to the Authority's

pension plan as the latest actuarial valuation reported a funded ratio of 96%, exceeding the 90% to 95% threshold as required by Board Resolution 2010-0049.

The Budget also provides the necessary resources to continue advancing the New T1 and support a feasible five-year Capital Plan. The Authority will continue to assess and refine the revenue forecast and spending plan based upon the changing economic environment.

Once approved and adopted by the Board, the Budget will serve as the Authority's official spending plan—and spending limit—for Fiscal Year 2027. Actual revenues and expenditures will be tracked throughout the year and reported to the Board at least quarterly. The Budget may be amended by the Board to reflect updated assumptions or respond to new developments, based on periodic reporting and a demonstrated need.

This Expense Budget reflects a total increase of \$7.8 million, or 1.5%, over the FY 2026 Budget. Personnel expenses are projected to rise by \$4.0 million, primarily driven by four (4) net new positions and benefits renewal increases partially offset by the removal of a one percent additional retirement contribution. Non-personnel expenses are projected to increase by \$9.4 million, driven in part by a \$5.0 million increase in safety and security costs primarily associated with an increase in the Port Harbor Police budget. Utilities are expected to increase by \$3.2 million, reflecting increased electrical rates and usage with a full year of NT1. Contractual services are expected to increase by \$1.2 million, primarily due to an increase in parking operations and shuttle services. These increases are partially offset by \$3.7 million lower debt service costs and \$1.9 million in equipment outlay expenditures.

The Revenue Budget of \$771.2 million is an increase of \$28.2 million, or 3.8%, over the FY 2026 Budget. The increase over the FY 2026 Budget reflects an increase of \$15.7 million in airline revenue, \$20.8 million in non-airline revenue, a decrease of \$7.7 million in interest income, and a decrease of \$0.6 million in non-operating revenue.

Total FY 2027 airline revenue is projected to be \$294.8 million as compared to \$279.1 million in the FY 2026 Budget, a \$15.7 million increase. The increase is attributable to higher operating expenses and debt service requirements associated with supporting a full year of operations for NT1.

Total FY 2027 non-airline revenue is projected to be \$235.1 million as compared to \$214.3 million in the FY 2026 Budget, a \$20.8 million increase. The increase is primarily attributable to higher parking revenue of \$10.6 million and an additional \$5.4 million in ground transportation permits and citations. The increase in ground transportation revenue is largely driven by higher trip fees for transportation network companies (TNCs) and other transportation modes, as well as the implementation of drop-off fees across all non-TNC modes. See Exhibit A for the detailed trip fee schedule. Non-airline revenue growth also includes increases of \$3.4 million in terminal concessions revenue and \$2.5 million in in-flight and ground handling service license fees. These increases are partially

offset by a \$2.5 million decrease in rental car license fees, reflecting current industry pricing trends.

The decrease of \$7.7 million in interest income is driven by lower balances in the Bond funds due to use of constructions funds for NT1. Non-operating revenue consists of an increase of \$11.5M in CFC revenue due to increased CFC rates and a \$1.0M increase in passenger facility charges, offset by a \$13.1M decrease in capital grant contributions due to the timing of capital projects.

The Capital Program is a rolling five-year program which provides for critical improvements and asset preservation for the Authority. The program includes projects that address airfield safety and capacity, environmental protection, terminal enhancements, landside infrastructure and access improvements, as well as budget for New T1 program. The FY 2027 – FY 2031 proposed Capital Program total is \$4.58 billion.

Funding sources for the projects include Airport Improvement Program (AIP) grants, Passenger Facility Charges (PFC), Customer Facility Charges (CFC), airport cash, General Airport Revenue Bonds, major maintenance funds, and may include TSA grants, and short-term borrowing by utilizing a bank facility or other short-term financing vehicles.

Use of Funds (in millions):

Terminal	\$ 3,325.2
Landside & Ancillary	591.4
Airside	527.0
Administrative	<u>229.9</u>
Total Use of Funds	\$ 4,583.5

Source of Funds (in millions):

Airport Revenue Bonds	\$ 3,480.1
Airport Cash	635.2
Federal Grants	353.6
Major Maintenance Fund	59.7
CFC Charges	37.6
Other	17.0
PFC Charges	<u>0.2</u>
Total Use of Funds	\$ 4,583.5

In summary, the Operating Budget and Capital Program as presented are consistent with Board policy and were developed under the guidance of the Authority's President/Chief Executive Officer and Chief Financial Officer. The Budget reflects the revenues available to the Authority, and how these funds will be spent, and preserves the Authority's financial position.

The Authority prepares a biennial budget, therefore, a budget for FY 2028 was developed and proposed for conceptual approval.

The proposed FY 2028 Expense Budget totals \$574.0 million, representing an increase of \$35.7 million (6.6%) over the FY 2027 proposed budget. This growth is primarily driven by the anticipated operational impacts of New Terminal 1 (NT1) Phase 1B. Operating expenses increase by \$16.8 million, including \$6.7 million in higher personnel costs tied to the reinstatement of the 1% retirement catch-up contribution and the addition of 10 placeholder positions to support Phase 1B operations. Non-personnel expenses rise by \$10.1 million, reflecting higher safety and security, utility, and maintenance costs associated with expanded facilities and increased operational activity. Debt service costs increase by \$21.6 million due to higher principal and interest payments related to Phase 1B financing. These increases are partially offset by a \$3.0 million reduction in QHP expenses, driven by anticipated grant funding levels. The FY 2028 budget assumptions are conceptual and will be revisited and refined as additional details regarding Phase 1B operations become available.

The proposed FY 2028 Revenue Budget of \$798.4 million is an increase of \$27.3 million, or 3.5%, versus the proposed FY 2027 Budget. This net increase reflects increases of \$51.5 million in airline revenue and \$9.4 million in non-airline revenue. The increase is partially offset by a \$24.0 million decrease in interest income due to bond funds draw down and a \$9.7 million decrease in non-operating revenue driven by decreased Capital Grant contributions.

On-going economic changes and market trends will be considered next year to revise the FY 2028 conceptual budget and create the final proposed FY 2028 budget, which will be brought back to the Board for adoption.

Fiscal Impact:

If the proposed FY 2027 Budget is approved and adopted and the proposed FY 2028 Budget is conceptually approved, funding of \$538.2 million will be authorized for FY 2027 and funding of \$574.0 million will be established as the framework for the FY 2028 Budget, which will be brought back to the Board next year for review, revisions, and adoption in June 2027. If the Capital Program is approved, \$4,583.5 million will become the authorized spending level.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

- A. CEQA: This Board action is not a “project” as defined by the California Environmental Quality Act (“CEQA”). Cal. Pub. Res. Code §21065
- B. California Coastal Act Review: This Board action is not a “development” as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

Prepared by:

Scott M. Brickner
Vice President, Chief Financial Officer

Exhibit A:

	FY 2025	FY 2026	FY 2027	FY 2028
TNC	\$4.25 ⁽¹⁾⁽²⁾	\$4.50 ⁽¹⁾⁽²⁾	\$5.00	\$5.25
Charter	NA*	NA*		
Taxi	\$3.97 (Base) ⁽¹⁾ \$2.98 (AFV) ⁽¹⁾ \$7.94 (Non-AFV) ⁽¹⁾	\$4.75 (Base) ⁽¹⁾ \$3.56 (AFV) ⁽¹⁾ \$9.50 (Non-AFV) ⁽¹⁾	\$5.00 (Base) \$3.75 (AFV) \$10.00 (Non-AFV)	\$5.25 (Base) \$3.94 (AFV) \$10.50 (Non-AFV)
Vehicle For Hire	\$3.16 (Base) ⁽¹⁾ \$2.37 (AFV) ⁽¹⁾ \$6.32 (Non-AFV) ⁽¹⁾			
Courtesy & Off-Airport Parking Shuttle	\$1.94 (Base) ⁽¹⁾ \$1.46 (AFV) ⁽¹⁾ \$3.88 (Non-AFV) ⁽¹⁾			
Off-Airport Rental Car Shuttle	NA*	NA*		

(1) Includes Pick-Up Fees

(2) Includes Drop-Off Fees

(3) Current MTS regulations may not allow drop-off fees to be passed through to the customer for taxis, so drop-off fees will be postponed to provide time to consult with MTS and the taxi industry.

* NA does not include trip fees; only permit and application fees

RESOLUTION NO. 2026-0037

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND ADOPTING THE AUTHORITY'S OPERATING BUDGET FOR FISCAL YEAR 2027, THE CAPITAL PROGRAM FOR FISCAL YEARS 2027-2031 AND CONCEPTUALLY APPROVING THE ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2028

WHEREAS, Authority management prepared and presented the Proposed Fiscal Year 2027 and 2028 Conceptual Operating Budgets, and the Capital Program to the Authority Board for review at a duly noticed public workshop on May 14, 2026; and

WHEREAS, the Board provided an opportunity during its meetings for members of the public to provide comments and questions concerning the Proposed Fiscal Year 2027 and 2028 Operating Budgets and Capital Program; and

WHEREAS, the Proposed Fiscal Year 2027 and 2028 Conceptual Operating Budgets present a financial operating expenditure budget of \$538.2 million and \$574.0 million, respectively, and a Capital Program for the next five (5) years of \$4,583.5 million, thus providing adequate resources to address the operating and infrastructure requirements of San Diego International Airport and the regional responsibilities of the Authority for Fiscal Year 2027 and 2028; and

WHEREAS, the Proposed Fiscal Year 2027 and 2028 Conceptual Operating Budgets include the Authority's publicly available pay schedule, demonstrating the pensionable compensation provided to similarly situated members of the same group or class of employment for services rendered on a full-time basis, and the Authority Board hereby approves and adopts the pay schedule included in the adopted budget and attached hereto as Exhibit A and further authorizes the President/CEO to make any necessary changes thereto and notify the Board of any such changes; and

WHEREAS, the Proposed Fiscal Year 2027 Operating Budget and 2028 Conceptual Operating Budget include costs for limited duration staffing to support the New T1 Project, which staffing is outside the authorized headcount and has a duration ending at the completion of the New T1; and

WHEREAS, the Proposed Fiscal Year 2027 and 2028 Conceptual Operating Budgets present forecasted operating revenues and other funding to meet a balanced budget, and other financial requirements as outlined under the Authority's Bond Master Trust Indenture; and

WHEREAS, the Board has reviewed the Proposed Fiscal Year 2027 and 2028 Conceptual Operating Budgets and the Capital Program and believes that the approval and adoption in the forms presented to the Board at the public meetings on May 14, 2026, and June 4, 2026, are in the best interests of the Authority and the public which it serves.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and adopts the Fiscal Year 2027 Proposed Operating Budget and Capital Program and conceptually approves the Fiscal Year 2028 Proposed Budget; and

BE IT FURTHER RESOLVED that the Authority and all its officers, employees and agents are hereby authorized, empowered and directed to do, and perform all such acts as may be necessary or appropriate to implement the Adopted Annual Operating Budget for Fiscal Year 2027 and the Capital Program; and

BE IT FURTHER RESOLVED that pursuant to Authority Code 9.12(b)(1) the Board establishes the trip fees reflected in the attached Exhibit B; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to modify the trip fees where the President/CEO determines it to be in the best interest of the Authority and the trip fees do not exceed the amount set forth in Exhibit B; and

BE IT FURTHER RESOLVED that pursuant to California Government Code §7522.34(a), the Board approves and adopts the pay schedule included in the adopted budget and attached hereto as Exhibit A and further authorizes the President/CEO to make any necessary changes thereto and notify the Board of any such changes; and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at its regular meeting on this 4th day of June 2026, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Exhibit A: Authority Position Salary Range

JOB CODE*	JOB TITLE	MINIMUM	MIDPOINT	MAXIMUM
G104	Accountant	\$61,680	\$80,184	\$98,688
G102	Accounting Manager	\$100,874	\$133,659	\$166,443
G105	Accounting Technician	\$51,791	\$67,328	\$82,865
F514	Administrative Assistant I	\$42,823	\$55,670	\$68,517
F513	Administrative Assistant II	\$52,905	\$68,776	\$84,648
C231	Administrative Svcs Manager	\$69,220	\$89,986	\$110,752
B115	Air Service Analyst	\$87,518	\$113,773	\$140,028
B125	Air Service Program Manager	\$75,106	\$97,637	\$120,169
B1141	Airport Art Program Coord I	\$59,058	\$76,776	\$94,493
B114	Airport Art Program Coord II	\$62,011	\$80,615	\$99,218
B112	Airport Art Program Manager	\$83,574	\$108,646	\$133,718
D409	Airport Comm Center Special	\$52,097	\$67,726	\$83,355
C109	Airport Properties Ops Coord	\$72,605	\$94,386	\$116,167
D126	Airside & Terminal Res Sys Mgr	\$88,739	\$117,580	\$146,420
D1071	Airside Operations Duty Mgr. I	\$60,701	\$78,911	\$97,121
D1072	Airside Ops Duty Manager II	\$75,876	\$98,639	\$121,402
F307	App Development Analyst	\$78,001	\$101,401	\$124,801
C102	Asset Manager	\$91,685	\$121,483	\$151,281
E1030	Assistant Airport Planner	\$60,098	\$78,128	\$96,157
F104	Assistant Authority Clerk II	\$69,945	\$90,929	\$111,912
D206	Assistant Envr Specialist	\$60,410	\$78,532	\$96,655
A207	Assistant General Counsel	\$200,145	\$275,200	\$378,400
E1031	Associate Airport Planner	\$73,533	\$95,593	\$117,653
C107	Associate Asset Manager	\$73,161	\$95,109	\$117,057
C219	Associate Engineer	\$68,587	\$89,163	\$109,739
D205	Associate Envr Specialist	\$77,604	\$100,885	\$124,167
A208	Associate General Counsel I	\$81,846	\$106,400	\$138,320
A202	Associate General Counsel II	\$125,673	\$172,800	\$237,600
A205	Associate General Counsel III	\$139,200	\$191,400	\$263,175
A209	Associate General Counsel IV	\$156,655	\$215,400	\$296,175
A210	Associate General Counsel V	\$180,582	\$248,300	\$341,413
A302	Auditor	\$63,997	\$83,197	\$102,396
F103	Authority Clerk	\$137,164	\$188,601	\$240,037
C241	Aviation Syst Prgm Specialist	\$102,035	\$132,646	\$163,257
C1020	Business & Property Manager I	\$73,160	\$95,109	\$117,057
C1021	Business & Property Manager II	\$91,685	\$121,483	\$151,280
B1410	Business Analyst I	\$55,451	\$72,086	\$88,721
B1411	Business Analyst II	\$64,758	\$84,185	\$103,612

B1290	Business Intelligence Specialist I	\$58,157	\$75,605	\$93,052
B1291	Business Intelligence Specialist II	\$72,560	\$94,328	\$116,096
F312	Business Systems Analyst	\$76,013	\$98,817	\$121,621
B121	Communication Specialist I	\$52,484	\$68,229	\$83,974
B122	Communication Specialist II	\$61,578	\$80,051	\$98,524
C232	Construction Contract Manager	\$125,002	\$165,628	\$206,253
C234	Construction Contract Specialist	\$68,836	\$89,486	\$110,137
C211	Construction Inspector	\$58,837	\$76,488	\$94,139
C224	Construction Manager	\$113,181	\$149,966	\$186,750
C230	Construction Safety Prgm Mgr	\$96,192	\$127,455	\$158,717
C228	Contract Specialist	\$79,235	\$106,968	\$134,700
C223	Cost Analyst	\$70,348	\$91,453	\$112,557
B106	Customer Relations Manager	\$83,259	\$108,237	\$133,215
B1073	Customer Relations Program Specialist	\$75,149	\$97,694	\$120,239
B1281	Data Engineer I	\$69,884	\$90,849	\$111,815
B128	Data Engineer II	\$92,701	\$120,511	\$148,321
B132	Data Quality Analyst	\$68,316	\$88,810	\$109,305
B130	Data Warehouse Architect	\$96,396	\$125,315	\$154,234
B133	Data Warehouse Manager	\$121,941	\$158,524	\$195,106
F3041	Database Administrator	\$94,699	\$123,109	\$151,519
F102	Deputy Authority Clerk	\$87,432	\$113,661	\$139,890
G2012	Dir Cap Fin Plan & Airline Rel	\$156,507	\$215,198	\$273,888
F329	Director Business Intelligence	\$140,543	\$193,247	\$245,950
G101	Director, Accounting	\$136,727	\$188,000	\$239,272
H101	Director, Airport Design & Con	\$160,799	\$221,099	\$281,398
E110	Director, Airport Planning & Environmental Affairs	\$157,869	\$217,071	\$276,272
D412	Director, Avtn Sec & Pub Saf	\$138,909	\$191,000	\$243,090
B201	Director, Communications	\$116,236	\$159,825	\$203,413
D301	Director, Facilities Managemnt	\$139,028	\$191,164	\$243,299
G201	Director, Financial Plan & Bgt	\$156,507	\$215,198	\$273,888
B202	Director, Government Relations	\$143,392	\$197,165	\$250,937
D118	Director, Ground Transportatio	\$122,501	\$168,439	\$214,376
F201	Director, Human Resources	\$145,243	\$199,710	\$254,176
F301	Director, Info & Tech Services	\$153,649	\$211,268	\$268,886
B124	Director, Marketing Air SvcDev	\$136,436	\$187,600	\$238,763
F401	Director, Procurement	\$137,129	\$188,553	\$239,976
C101	Director, Terminal Business Development	\$134,372	\$184,762	\$235,151
D124	Director, Terminal & Air Ops	\$134,049	\$184,318	\$234,587
C212	Document Control Coordinator	\$63,421	\$82,447	\$101,473
C238	Document Control Manager	\$111,721	\$145,237	\$178,754
C216	Engineering Technician	\$61,642	\$80,134	\$98,627
A109	Executive Assistant	\$75,225	\$97,792	\$120,360

A108	Executive Assistant to President & CEO	\$94,766	\$123,196	\$151,626
B213	External Relations Specialist	\$72,289	\$93,976	\$115,663
D329	Facilities Commissioning Coord	\$82,748	\$107,572	\$132,396
G204	Financial Analyst I	\$65,375	\$84,987	\$104,600
G202	Financial Analyst II	\$80,918	\$105,193	\$129,469
D125	Ground Transportation Specials	\$59,219	\$76,985	\$94,751
F311	Help Desk Technician	\$47,004	\$61,106	\$75,207
F2043	HR Business Partner I	\$69,576	\$90,449	\$111,321
F2042	HR Business Partner II	\$84,898	\$110,368	\$135,837
F221	HRIS Analyst I	\$66,460	\$86,398	\$106,336
F211	HRIS Analyst II	\$73,494	\$95,542	\$117,590
F216	Human Resources Analyst I	\$59,805	\$77,746	\$95,688
F204	Human Resources Analyst II	\$75,373	\$97,986	\$120,598
F324	I&TS Project Coordinator	\$85,153	\$110,699	\$136,245
D321	Inspector, Planner & Estimator	\$111,716	\$145,231	\$178,745
F325	IT PROJECT MANAGER	\$102,075	\$135,250	\$168,424
F326	ITS Administrator	\$68,331	\$88,830	\$109,329
F327	ITS Engineer	\$89,555	\$116,421	\$143,288
F328	ITS Senior Engineer	\$106,985	\$139,081	\$171,177
C2274	Labor Compliance Supervisor	\$89,026	\$115,734	\$142,442
C2271	Labor Compliance Technician I	\$51,490	\$66,937	\$82,385
C2272	Labor Compliance Technician II	\$63,343	\$82,346	\$101,349
F231	Learning & Development Specialist I	\$56,124	\$72,961	\$89,799
F212	Learning & Development Specialist II	\$69,203	\$89,964	\$110,725
D3051	Maintenance Project Coordinator I	\$54,664	\$71,063	\$87,462
D3053	Maintenance Project Coordinator II	\$60,130	\$78,169	\$96,208
D327	Maintenance Projects Planner	\$73,195	\$95,153	\$117,111
F510	Management Analyst	\$63,179	\$82,133	\$101,086
B127	Manager, Air Service Dev.	\$110,115	\$145,903	\$181,691
D209	Manager, Aircraft Noise	\$94,463	\$127,526	\$160,588
G207	Manager, Airport Finance	\$103,185	\$139,301	\$175,416
E102	Manager, Airport Planning	\$100,971	\$136,312	\$171,652
D117	Manager, Airside Operations	\$99,104	\$133,790	\$168,476
B214	Manager, Arts Program	\$88,583	\$115,158	\$141,733
A304	Manager, Audit Services	\$109,114	\$147,304	\$185,493
D402	Manager, Aviation Security & Public Safety	\$107,259	\$144,800	\$182,340
C225	Manager, Business Development	\$109,210	\$150,165	\$191,119
B131	Manager, Business Intelligence	\$120,069	\$156,089	\$192,110
B209	Manager, Communications	\$103,916	\$135,091	\$166,265
F402	Manager, Contracts	\$111,770	\$148,096	\$184,421
D406	Manager, Emerg Prep & Pub Sfty	\$117,734	\$158,942	\$200,149
D324	Manager, Energy & Water Mgt	\$93,532	\$126,269	\$159,005

D208	Manager, Environmental Programs	\$109,953	\$145,689	\$181,424
D330	Manager, Facilities and Asset Management Systems	\$113,010	\$146,913	\$180,816
D302	Manager, Facilities Management	\$101,629	\$137,200	\$172,770
C233	Manager, Geospatial Systems	\$117,024	\$155,058	\$193,091
D104	Manager, Ground Transportation	\$92,889	\$125,400	\$157,911
F230	Manager, HR Operations	\$104,904	\$136,375	\$167,846
F319	Manager, Infrastructure Ops	\$111,006	\$149,859	\$188,711
G304	Manager, Ins & Const Risk	\$107,665	\$145,348	\$183,030
B119	Manager, Marketing	\$103,907	\$140,275	\$176,643
C226	Manager, Proc & Contract Svcs	\$103,243	\$139,379	\$175,514
C239	Manager, Safety & Labor Compl	\$96,651	\$130,479	\$164,306
C305	Manager, Small Business Dev	\$95,828	\$129,368	\$162,907
D105	Manager, Terminal Operations	\$89,193	\$120,411	\$151,629
B1081	Marketing Specialist I	\$52,966	\$68,856	\$84,746
B1082	Marketing Specialist II	\$67,612	\$87,895	\$108,179
F317	Mgr, Bus & Systems Application	\$113,263	\$152,905	\$192,547
B212	Mgr, Govt & Community Rels	\$113,947	\$150,981	\$188,014
F323	Mgr, Service Desk & IT Term Op	\$103,067	\$139,141	\$175,214
F225	Mgr. HR Business Partnerships	\$107,325	\$144,890	\$182,454
D2032	Noise Abatement Specialist I	\$60,410	\$78,532	\$96,655
D2031	Noise Abatement Specialist II	\$77,604	\$100,885	\$124,167
A203	Paralegal I	\$65,846	\$85,600	\$111,280
A211	Paralegal II	\$76,077	\$98,900	\$128,570
A212	Paralegal III	\$89,509	\$118,600	\$157,045
G106	Payroll Specialist	\$72,460	\$94,198	\$115,936
F408	P-Card Program Analyst	\$51,932	\$67,512	\$83,092
F404	Procurement Analyst I	\$51,545	\$67,008	\$82,471
F409	Procurement Analyst II	\$59,845	\$77,799	\$95,753
F407	Procurement Coordinator	\$44,922	\$58,399	\$71,876
C2251	Program Manager	\$111,845	\$153,787	\$195,728
C2252	Program Manager for Engineering & Construction	\$121,617	\$167,223	\$212,829
C235	Project Analyst	\$71,547	\$93,011	\$114,475
C214	Project Assistant	\$55,529	\$72,187	\$88,846
C2141	Project Assistant	\$55,529	\$72,187	\$88,846
C108	Project Manager	\$114,788	\$154,964	\$195,139
C221	Quieter Home Prgrm Coordinator	\$71,035	\$92,346	\$113,656
F107	Records & Information Management Analyst I	\$55,188	\$71,744	\$88,301
F108	Records & Information Management Analyst II	\$63,421	\$82,447	\$101,473
G3021	Risk Management Analyst I	\$55,996	\$72,795	\$89,594
G302	Risk Management Analyst II	\$67,658	\$87,955	\$108,252
F2051	Safety Specialist I	\$59,716	\$77,631	\$95,546

F205	Safety Specialist II	\$70,919	\$92,195	\$113,471
D411	Sec & Emergency Response Coord	\$57,717	\$75,032	\$92,347
D403	Sec & Pub Safety Analyst I	\$67,695	\$88,004	\$108,313
D408	Security & Public Safety Analyst II	\$76,722	\$99,738	\$122,754
D405	Security Specialist I	\$54,971	\$71,463	\$87,954
D404	Security Specialist II	\$67,172	\$87,324	\$107,476
G103	Senior Accountant	\$74,691	\$97,098	\$119,505
E1032	Senior Airport Planner	\$87,516	\$113,771	\$140,025
A303	Senior Auditor	\$77,658	\$102,898	\$128,137
B1412	Senior Business Analyst	\$82,975	\$107,868	\$132,761
B1292	Senior Business Intelligence Specialist	\$89,958	\$116,945	\$143,933
C210	Senior Construction Inspector	\$69,833	\$90,783	\$111,733
C220	Senior Cost Analyst	\$82,969	\$107,860	\$132,751
F3213	Senior Cyber Security Engineer	\$97,460	\$126,698	\$155,936
B1282	Senior Data Engineer	\$106,493	\$138,440	\$170,388
F3042	Senior Database Administrator	\$105,115	\$136,650	\$168,184
D128	Senior Director of Operational Planning & Readiness	\$157,136	\$216,062	\$274,988
G205	Senior Financial Analyst	\$81,719	\$108,278	\$134,837
F2041	Senior HR Business Partner	\$102,771	\$136,171	\$169,571
F222	Senior HRIS Analyst	\$85,758	\$111,485	\$137,212
F217	Senior Human Resources Analyst	\$95,906	\$124,678	\$153,449
F2121	Senior Learning & Development Specialist	\$87,268	\$113,449	\$139,630
F5101	Senior Management Analyst	\$75,271	\$97,852	\$120,433
F3011	Senior Manager, IT	\$123,448	\$169,741	\$216,034
D2030	Senior Noise Abatement Specialist	\$88,965	\$115,655	\$142,344
F403	Senior Procurement Analyst	\$86,707	\$112,719	\$138,731
F226	Senior Safety Specialist	\$85,346	\$113,084	\$140,821
D413	Senior Security & Public Safety Analyst	\$90,431	\$117,560	\$144,689
D407	Senior Security Specialist	\$87,571	\$113,842	\$140,113
F3082	Senior Systems Support Analyst	\$91,993	\$119,591	\$147,189
F229	Senior Talent Acquisition Partner	\$85,225	\$110,793	\$136,361
C302	Small Bus Dev Program Coord	\$62,347	\$81,051	\$99,755
C303	Small Business Dev Program Mgr	\$80,458	\$104,596	\$128,733
D410	Sr Airport Comm Center Special	\$61,883	\$80,448	\$99,013
D123	Sr Airside Ops Duty Manager	\$87,496	\$113,745	\$139,994
F315	Sr Applications Dev Analyst	\$96,554	\$125,520	\$154,487
B123	Sr Communication Specialist	\$81,248	\$105,623	\$129,997
C2151	Sr Engineering Tech BIM/CAD II	\$78,912	\$102,586	\$126,259
C215	Sr Engineering Technician	\$71,738	\$93,260	\$114,781
D202	Sr Environmental Specialist	\$88,965	\$115,655	\$142,344
D3052	Sr Maintenance Project Coordinator	\$67,839	\$88,191	\$108,543

D305	Sr Maintenance Project Inspect	\$67,839	\$88,191	\$108,543
C237	Sr Manager, Construction Svcs	\$131,574	\$180,915	\$230,255
B108	Sr Marketing Specialist	\$94,747	\$123,172	\$151,596
D1061	Sr Terminal Operations Coord	\$73,928	\$96,107	\$118,286
G3022	Sr. Risk Management Analyst	\$83,173	\$108,125	\$133,077
E109	Strategic Plnng Outreach Coord	\$52,905	\$68,776	\$84,648
F3081	Systems Support Analyst I	\$59,552	\$77,417	\$95,282
F308	Systems Support Analyst II	\$73,077	\$95,000	\$116,924
F228	Talent Acquisition Partner I	\$55,355	\$71,962	\$88,569
F227	Talent Acquisition Partner II	\$67,171	\$87,322	\$107,473
C242	Technical Coordinator	\$74,787	\$97,223	\$119,659
C1022	Tenant Facilities Manager	\$73,161	\$95,109	\$117,057
D106	Terminal Operations Coord	\$64,182	\$83,436	\$102,691
A102	VP & Chief Development Officer	\$202,358	\$283,301	\$364,244
A103	VP & Chief Financial Officer	\$230,034	\$322,047	\$414,061
A106	VP & Chief Operating Officer	\$201,433	\$282,006	\$362,580
A112	VP & Chief Revenue Officer	\$190,049	\$266,068	\$342,087

Exhibit B: Trip Fees

	FY 2025	FY 2026	FY 2027	FY 2028
TNC	\$4.25 ⁽¹⁾⁽²⁾	\$4.50 ⁽¹⁾⁽²⁾	\$5.00	\$5.25
Charter	NA*	NA*		
Taxi	\$3.97 (Base) ⁽¹⁾ \$2.98 (AFV) ⁽¹⁾ \$7.94 (Non-AFV) ⁽¹⁾	\$4.75 (Base) ⁽¹⁾ \$3.56 (AFV) ⁽¹⁾ \$9.50 (Non-AFV) ⁽¹⁾	\$5.00 (Base) \$3.75 (AFV) \$10.00 (Non-AFV)	\$5.25 (Base) \$3.94 (AFV) \$10.50 (Non-AFV)
Vehicle For Hire	\$3.16 (Base) ⁽¹⁾ \$2.37 (AFV) ⁽¹⁾ \$6.32 (Non-AFV) ⁽¹⁾			
Courtesy & Off-Airport Parking Shuttle	\$1.94 (Base) ⁽¹⁾ \$1.46 (AFV) ⁽¹⁾ \$3.88 (Non-AFV) ⁽¹⁾			
Off-Airport Rental Car Shuttle	NA*	NA*		

(1) Includes Pick-Up Fees

(2) Includes Drop-Off Fees

(3) Current MTS regulations may not allow drop-off fees to be passed through to the customer for taxis, so drop-off fees will be postponed to provide time to consult with MTS and the taxi industry.

* NA does not include trip fees; only permit and application fees



San Diego County Regional Airport Authority FY 2027 Proposed Budget & FY 2028 Proposed Conceptual Budget

June 4, 2026



Agenda



1. Budget Overview
 - Revenue
 - Expenses
2. Capital Program Budget
3. Financial Metrics
4. Conclusion



Revenue Budget Overview



FY 2027 - FY 2028 Proposed Revenue Budget Summary

(in thousands)

Operating Revenue

Airline Revenue

Landing Fees	\$ 62,489	\$ 69,473
Aircraft Parking Fees	15,622	17,368
Building Rentals	200,295	237,845
Common Use Fees	18,237	21,361
Other Aviation Revenue	(1,863)	212
Total Airline Revenue	294,780	346,259

Non-Airline Revenue

Terminal Rent Non-Airline	4,412	4,435
Terminal Concessions	44,380	47,907
Rental Car License Fees	38,846	39,866
License Fees - Other	13,312	13,574
Parking Revenue	73,256	75,453
Ground Transportation Permits and Citations	30,904	32,890
Ground Rentals	28,112	28,503
Other Operating Revenue	1,889	1,907
Total Non-Airline Revenue	235,112	244,535

Total Operating Revenue

529,892 590,795

Interest Income

85,093 61,142

Non-Operating Revenue

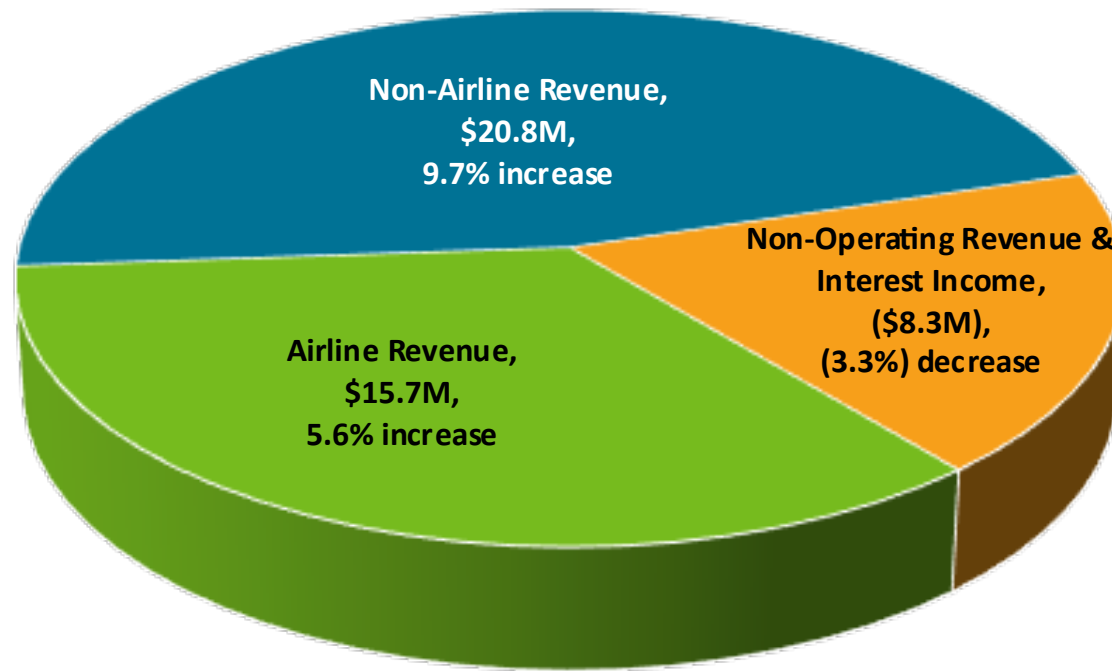
Passenger Facility Charges	51,973	53,008
Customer Facility Charges	48,189	49,139
Quieter Home Program	14,400	12,000
Capital Grant Contributions	41,609	32,351
Other Non Operating Revenue	-	-
Total Non-Operating Revenue	156,171	146,499

Total Revenue

\$ 771,156 \$ 798,435

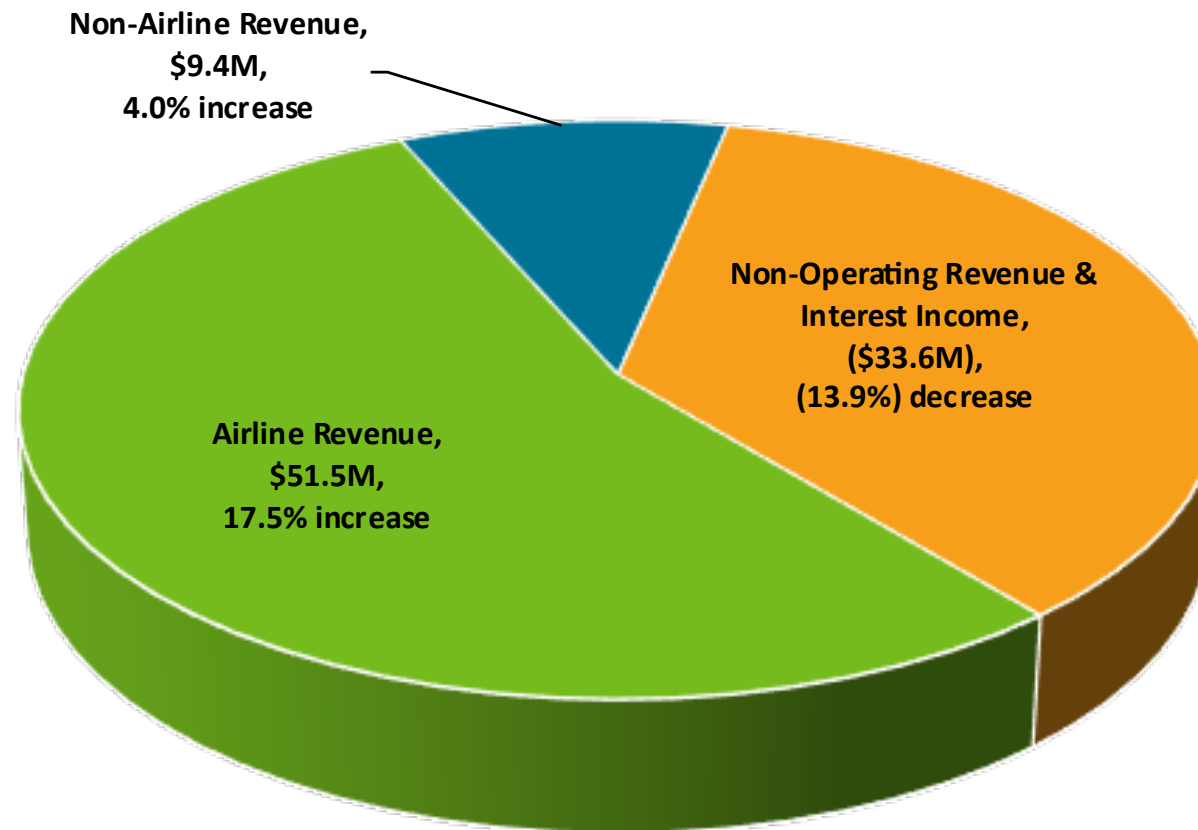
FY 2027 Budget Revenue Increase vs FY 2026 Budget

\$28.2M; 3.8%



Total FY 2027 Budget is \$771.2M

FY 2028 Budget Revenue Increase vs. FY 2027 Budget \$27.3M; 3.5%



Total FY 2028 Budget is \$798.4M



Expense Budget Overview



FY 2027 - FY 2028 Proposed Expense Budget Summary

(In Thousands)

Operating Expenses

Salaries

Benefits

Subtotal

Less: Capitalized Labor Recharge

Less: QHP Labor Recharge

Total

Contractual Services

Safety and Security

Space Rental

Utilities

Maintenance

Operating Equipment & Systems

Operating Supplies

Insurance

Employee Development

Business Development

Equipment Rentals and Repairs

Tenant Improvements

Total Non-Personnel Costs

Total Operating Expenses

Joint Studies / Sound Attenuation

Debt Service

Legal Settlement Expense

Other Non-Operating Expenses

Total Non-Operating Expenses

Total Expenses

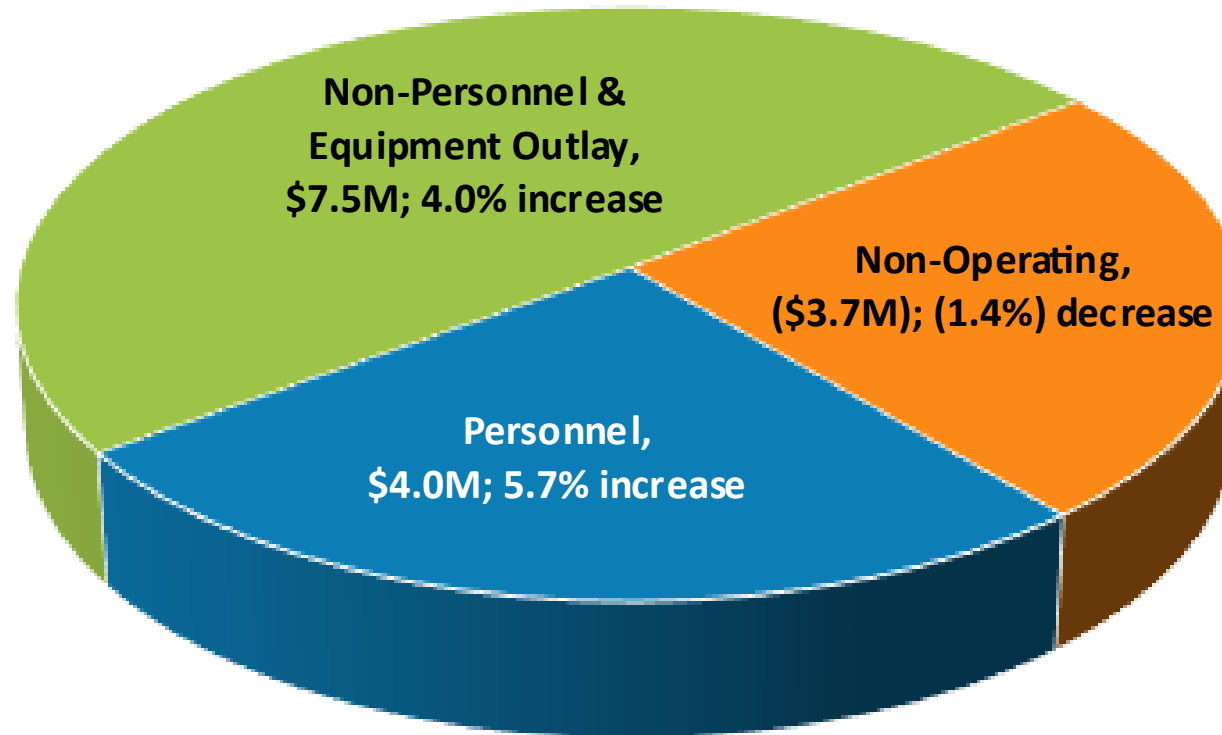
Equipment Outlay Expenditures

Total Authority Expenses Incl Equip Outlay

FY2027 Proposed Budget	FY2028 Conceptual Budget
\$ 58,421	\$ 61,161
22,561	27,215
80,983	88,376
(7,430)	(8,031)
(606)	(669)
72,947	79,675
67,877	68,225
50,756	53,914
11,084	11,093
27,711	31,241
18,336	20,397
1,033	1,015
1,067	1,184
3,567	3,718
1,254	1,248
5,265	5,542
6,000	6,442
1,292	1,344
195,244	205,363
268,190	285,038
18,000	15,000
250,886	272,529
250	250
-	-
269,136	287,779
537,326	572,817
885	1,140
\$ 538,211	\$ 573,957

FY 2027 Budget Expense Increase vs. FY 2026 Budget

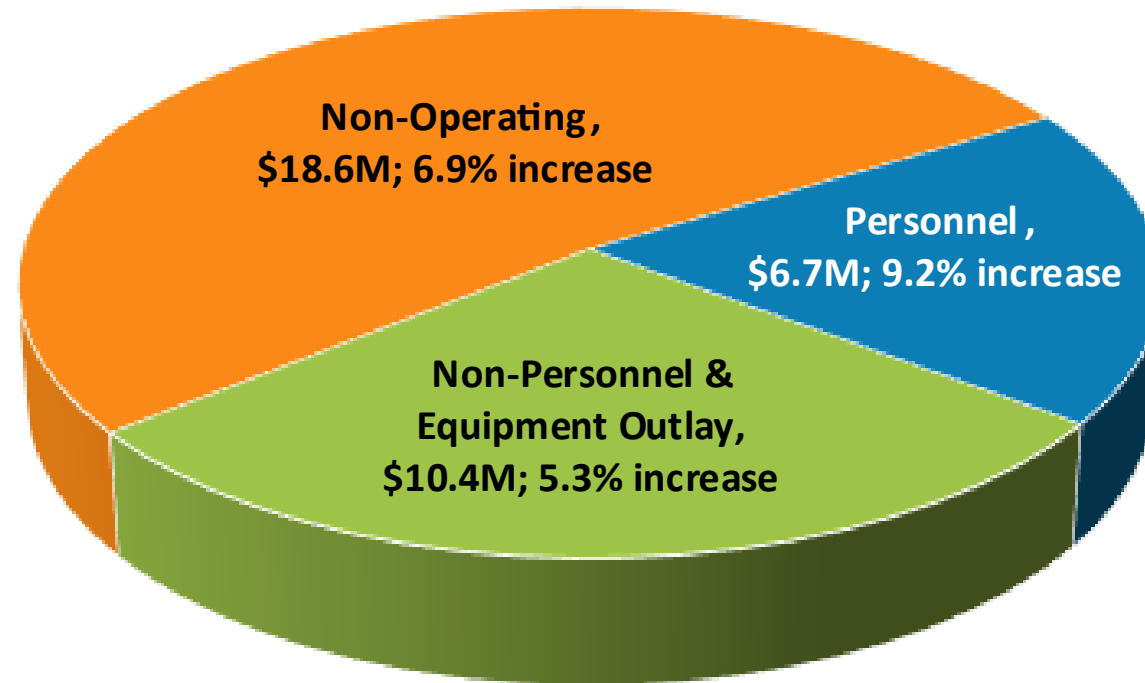
\$7.8M; 1.5%



Total FY 2027 Budget is \$538.2M

FY 2028 Budget Expense Increase vs. FY 2027 Budget

\$35.7M; 6.6%



Total FY 2028 Budget is \$573.9M



Capital Program Budget Fiscal Years 2027-2031



Proposed FY 2027 - 2031 Capital Program Budget Summary



(in thousands)

	New T1	CIP	Total
FY 2026 - 2030 Capital Program Budget	\$3,834,300	\$688,547	\$4,522,847
Closeouts and Adjustments	-	(20,572)	(20,572)
New Projects	-	81,200	81,200
Proposed FY 2027 - 2031 Capital Program Budget *	\$3,834,300	\$749,175	\$4,583,475

*Pending Board approval



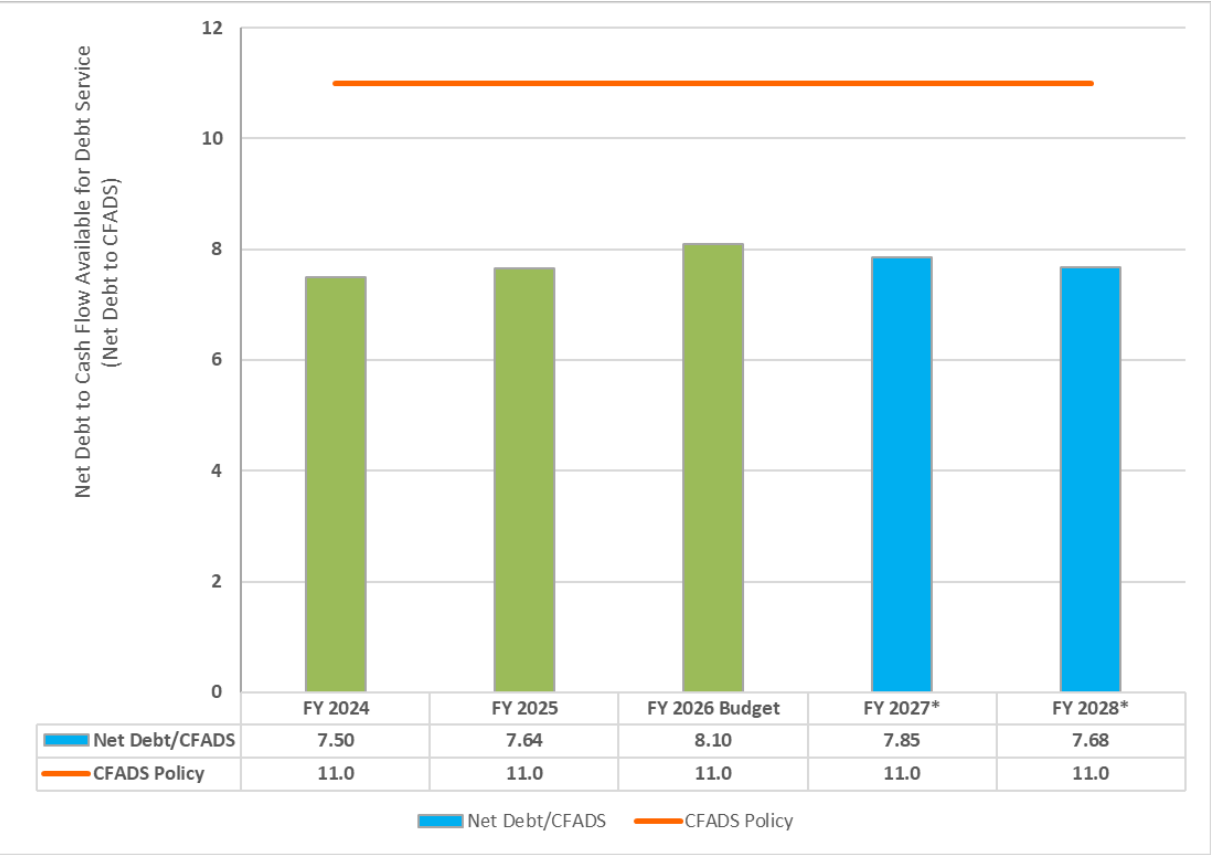
Financial Metrics



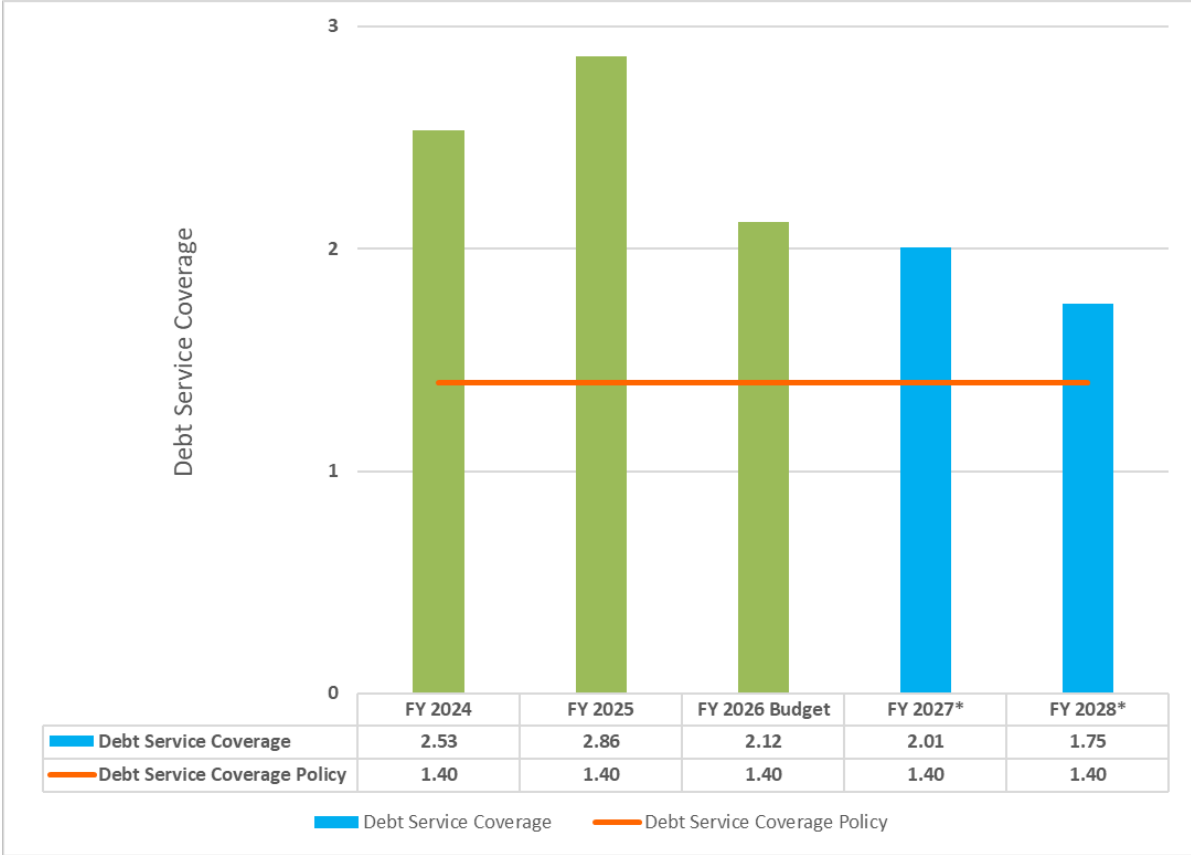
Debt Service Metrics



Net Debt/CFADS



Debt Service Coverage



*Projected FY 2027-28



SAN DIEGO
INTERNATIONAL AIRPORT

Conclusion



Conclusion



- Provides resources for:
 - Full year operation of the New T1 Phase 1A
 - The construction and opening of the New T1 Phase 1B
- Follows the Authority's legislative and regulatory mandates
- Reflects collaboration with business and community stakeholders
- Demonstrates the discipline necessary to remain a sustainable enterprise
- Advances the five-year Capital Plan
- Allocates funding to execute technology and business intelligence initiatives
- Invests in customer experience and revenue initiatives

Questions?



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Thank You!



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INTERNATIONAL AIRPORT



GT Revenue – Additional Information

Board Meeting

June 4, 2026



Purpose of Adjustment



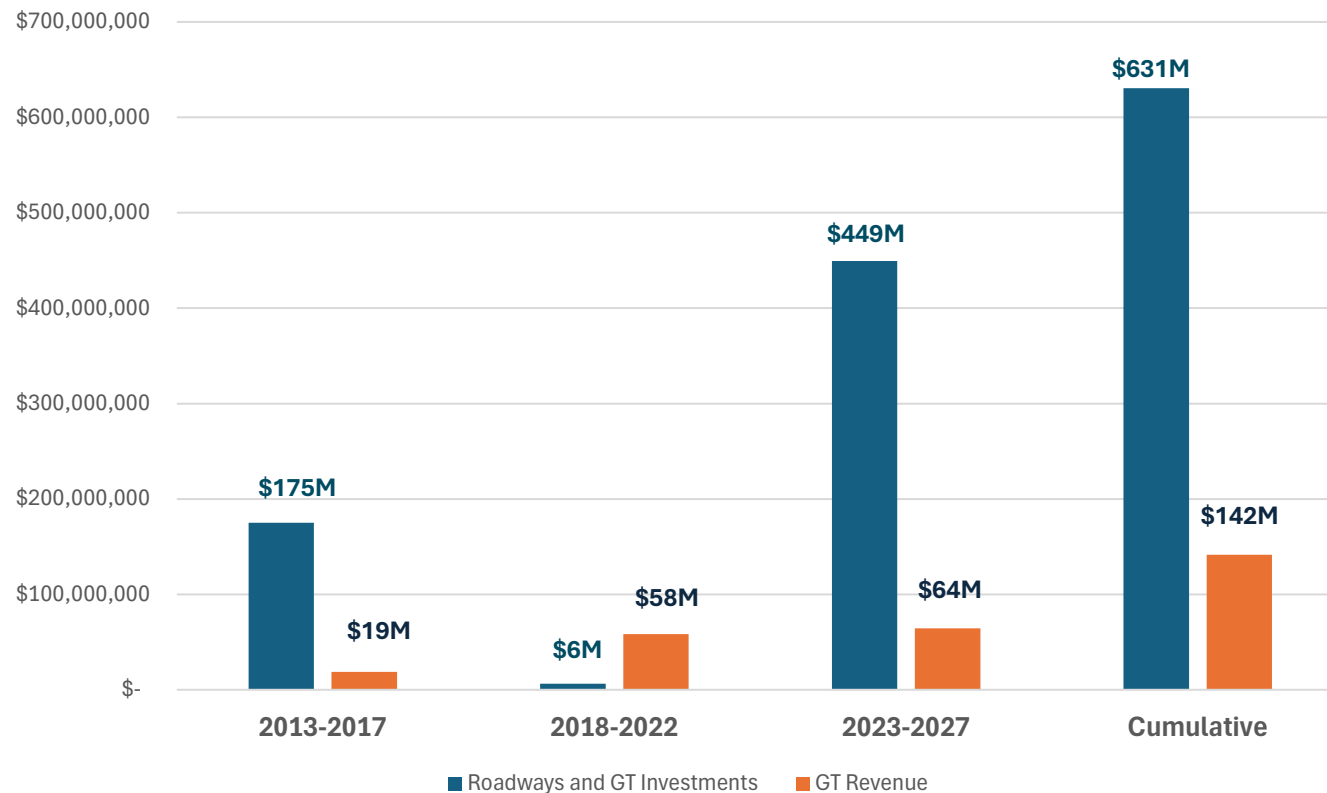
Purpose of Adjustment for the Airport

To ensure access fees (including TNC, taxi, charter, and other commercial vehicle fees) remain aligned with the costs and the market value of using airport roadway and curbside infrastructure.

The Ground Transportation Access Fees are a Fraction of Infrastructure Investments



\$631M invested over 20 years



- Recovery period exceeds 25+ years
- Investment costs do not include maintenance, operating, or lifecycle costs

Access Fee Framework is out of Alignment



- Current vehicle access fee framework does not uniformly apply fair market value and fairness metrics to all transport business models

Fee Type	TNC 	Charter	Taxi 	Vehicle for Hire	Courtesy 	Rental 
Pick-up	✓	✗	✓	✓	✓	✗
Drop-off	✓	✗	✗	✗	✗	✗
Annual	✗	✓	✗	✗	✗	✓

*FY 2026 consultations resulted in this continued fee schedule – **Board agreed to delay of one year***

Goal: Create a Uniform User-Based Model



- Proposals intend to create a uniform market value model to all transport modes based on use of airport services (per trip)

Proposed model addresses fair treatment and fee alignment of all business models

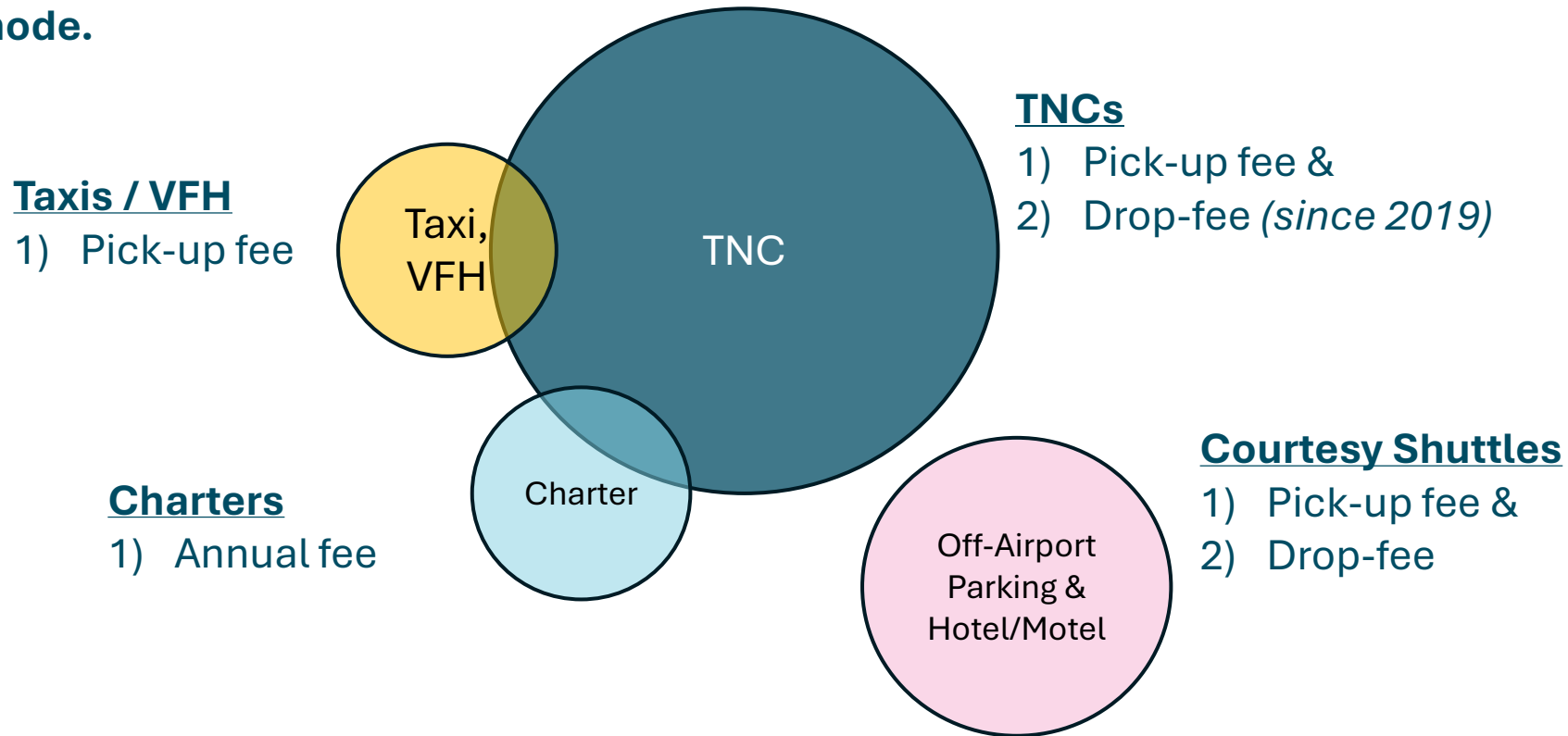
Fee Type	TNC 	Charter	Taxi* 	Vehicle for Hire	Courtesy 	Rental 
Pick-up	✓	✓	✓	✓	✓	✓
Drop-off	✓	✓	✓	✓	✓	✓
Annual	✗	✗	✗	✗	✗	✗

Uniformity and Consistency

* Current MTS regulations may not allow drop-off fees to be passed through to the customer for taxis, so drop-off fees will be postponed to provide time to consult with MTS and the taxi industry.

Uniformity will be Important as Modes Converge ✈

Type of access fee collected from customers – By mode.

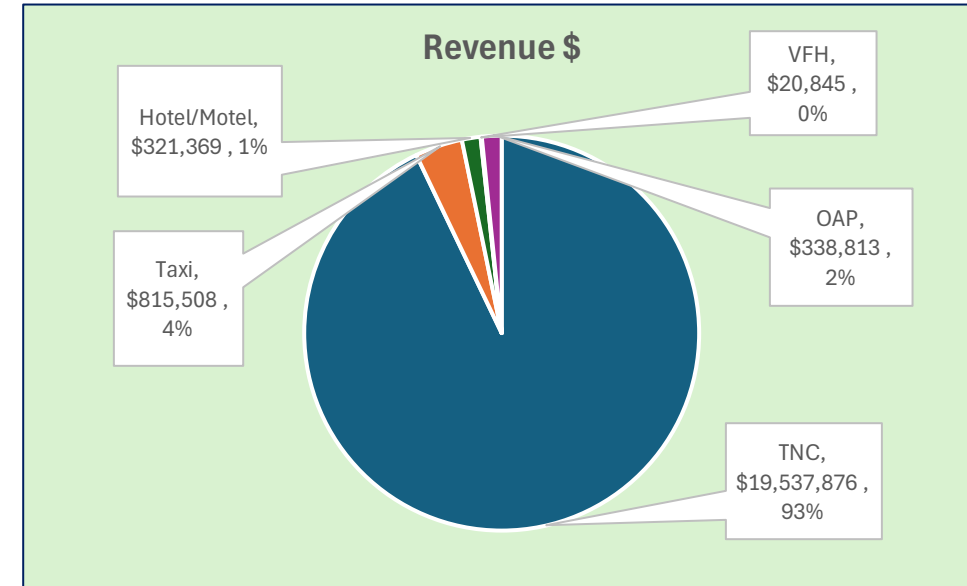
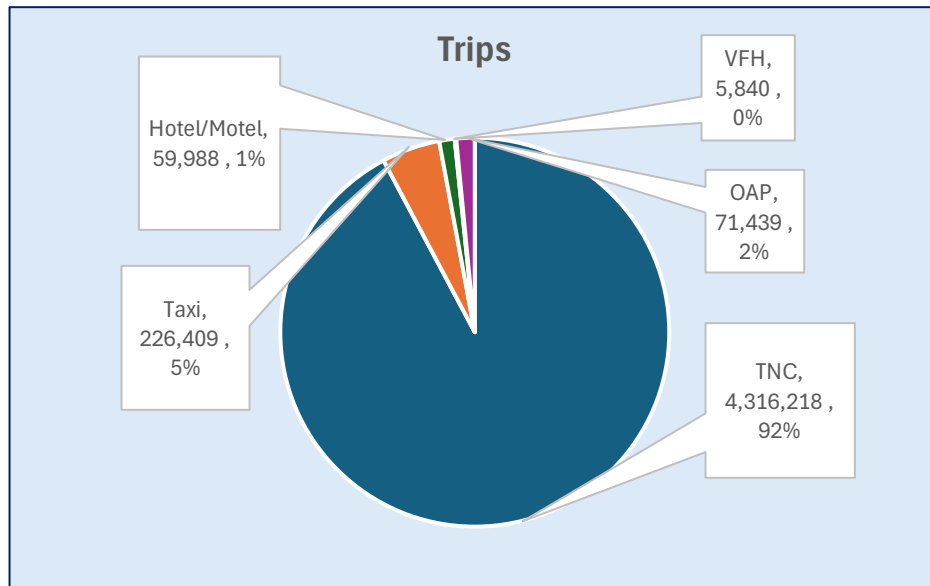


GT Commercial Mode Trips & Revenue – Fiscal YTD 2026 – (Jul through Apr)



Mode	Trips	% of Total
TNC	4,316,218	92%
Taxi	226,409	5%
Hotel/Motel	59,988	1%
VFH	5,840	0%
OAP	71,439	2%
Total	4,679,894	100%

Mode	Revenue \$	% of Total
TNC	\$ 19,537,876	93%
Taxi	\$ 815,508	4%
Hotel/Motel	\$ 321,369	2%
VFH	\$ 20,845	0%
OAP	\$ 338,813	2%
	\$ 21,034,411	100%



1. TNC Trips and Revenue include both Pick-ups and Drop-offs.
2. Trip data for the Charter mode is not currently available.

Activities and Stakeholder Consultations on Access Fees 2025-2026



Date	
Jan-2025	Staff included proposed changes to GT Access Fees in FY-26 Budget
Apr-2025	Initial outreach to Stakeholders on GT Access Fee Plan prior to FY-26 Budget
May-2025	Staff and stakeholders met (5/6) to discuss proposed changes (38 attendees). Staff and stakeholders met (5/13) to hear feedback and proposed alternatives. Board reviewed changes at Budget Workshop (5/14). GT Stakeholders expressed opposition to changes and proposed a compromise.
Jun-2025	Board approved FY-26 Budget incl. some access fee increases, but no Drop-off fee or 5% annual increase – in alignment with compromise. Implementation delayed one year. Board directed staff to collaborate with GT Stakeholders on Drop-fees and other access fee issues.
Dec-2025	Collaborative meeting to discuss GT Access Fee Plan, hear feedback and proposed alternatives (38 attendees). Notification sent requesting additional feedback and comments by (01/12)
Jan-2026	Staff again included Drop-off fee in FY-27 Budget revenue targets. Staff and stakeholders met to discuss GT Access Fee plan hear feedback and any proposed alternatives (16 attendees)
Feb-2026	Staff presented FY-27 GT Access Fees at MTS TAC Cmte meeting and hears public comment
Mar-2026	Staff received opposition letter to Drop-off fee from UTWSD
Apr-2026	GT Stakeholders present public comment in opposition to Drop-off fee at April Board meeting. Staff summarized issues for Board and continues to collaborate with GT stakeholders on issues
May-2026	Industry stakeholder session on May 11, TAG proposed a delay until FY 28 when drop-fees could follow stepped increases over a four (4) year period

Branded Awareness

Proposed decal design indicating airport fee ownership



Airport Trip Fees

Notice: the following fees may be added to the taximeter at the conclusion of trip.

San Diego International Airport Entrance Fee:	\$3.75
San Diego International Airport Exit Fee:	\$3.75

For queries regarding this fee, please call (619)-400-2685

Note: AFV example

New decal subject to approval of MTS Chief Executive Officer and County of San Diego Office of Weights and Measures

Business feedback cards for taxi



Airport Trip Fees

Airport-imposed fee applicable to all taxis and ride services.
Drivers do not set this fee.

Questions or concerns:
619-400-2685

GT Pick-up Fees

PICK-UP FEES

	FY 2025	FY 2026	FY 2027 (proposed)	FY 2028 (proposed)
TNC	\$4.25	\$4.50	\$5.00	\$5.25
Charter	NA	NA		
Taxi	\$3.97 (Base/ADA) \$2.98 (AFV) \$7.94 (Non-AFV)	\$4.75 (Base/ADA) \$3.56 (AFV) \$9.50 (Non-AFV)	\$5.00 (Base/ADA) \$3.75 (AFV) \$10.00 (Non-AFV)	\$5.25 (Base/ADA) \$3.94 (AFV) \$10.50 (Non-AFV)
Vehicle For Hire	\$3.16 (Base/ADA) \$2.37 (AFV) \$6.32 (Non-AFV)			
Courtesy & Off-Airport Parking Shuttle	\$1.94 (Base/ADA) \$1.46 (AFV) \$3.88 (Non-AFV)			
Off-Airport Rental Car Shuttle	NA	NA		

**A majority of
the vehicle
fleet / trips are
AFV**

GT Drop-off Fees

DROP-OFF FEES

	FY 2025	FY 2026	FY 2027 (proposed)	FY 2028 (proposed)
TNC	\$4.25	\$4.50	\$5.00	\$5.25
Charter				
Taxi	NA	NA	Drop fees to be charged only if they can be a passed through	
Vehicle For Hire			\$5.00 (Base/ADA) \$3.75 (AFV) \$10.00 (Non-AFV)	\$5.25 (Base/ADA) \$3.94 (AFV) \$10.50 (Non-AFV)
Courtesy & Off-Airport Parking Shuttle				
Off-Airport Rental Car Shuttle				

**A majority of
the vehicle
fleet / trips are
AFV**

GT Annual Access Fees

ANNUAL FEES

	FY 2025	FY 2026	FY 2027 (proposed)	FY 2028 (proposed)
TNC	NA	NA	NA	NA
Charter	\$225	\$225		
Taxi	NA	NA		
Vehicle For Hire				
Courtesy & Off-Airport Parking Shuttle				
Off-Airport Rental Car Shuttle	\$214 (Base/ADA) \$160 (AFV) \$428 (Non-AFV)	\$214 (Base/ADA) \$160 (AFV) \$428 (Non-AFV)		

GT Administrative Fees

ADMINISTRATIVE FEES

	Applies To	FY 2025	FY 2026	FY 2027	FY 2028
Application Fee	<i>All Modes</i>	\$200.00	\$210.00	\$220.00	\$230.00
Vehicle Add Fee	<i>All Modes, Except TNC</i>	\$100.00	\$105.00	\$110.00	\$115.00
Transponder Installation Fee	<i>All Modes, Except TNC</i>	\$75.00	\$75.00	\$75.00	\$75.00
Single Day Operator Pass	<i>All Modes, Except TNC</i>	NA	NA	\$50.00	\$52.50
Liquidated Damages	<i>All Modes</i>	\$100 per Offense			

Public Comments



United Taxi Workers of San Diego

7036 El Cajon Blvd, San Diego, CA 92115

Established Dec 18th, 2009

"Dedicated to driver's rights and equality in the taxi industry"

March 26, 2026

Mr. Atif Saeed, A.A.E., I.A.P.
President/CEO
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, CA 92138

Dear Mr. Atif and Board Members:

On Friday, February 27th the MTS Taxi Advisory Committee got a report from Airport staff about their plans to change their fees for all its various commercial transit providers, including a new "drop-off" fee for taxicabs. UTWSD staff have reviewed the Airport's proposal for the new "drop-off" fees and find it unacceptable for our taxi industry. We believe you should also.

- 1) The Airport's proposal refers to making fees more "equitable" among all the providers. It is true that TNCs (Uber, Lyft, etc.) are currently charged a "drop off" fee but this fee does not show up on the passengers' billing and can be absorbed at any level by these large tech companies. If taxis were charged "drop off" fees they would have to display those charges on their taxicabs for passengers to know just as they do for the current Airport pick-up fee. How is this fair or "equitable" for taxi drivers who are mostly disadvantaged small businesses working long hours just to get by? It is not.
- 2) The Airport's proposal refers to "prevailing market standards" to justify this new drop-off fee for taxicabs. However, its sample of 5 California airports shows only 1 where "drop-off" fees have been imposed for taxis (John Wayne). This is no "market standard"-it is an abstraction looking for a reason to increase these fees. Each Airport has its budget and transportation services to base its fees. Why does our airport need these new fees?
- 3) MTS Ordinance 11 requires taxi drivers to "not refuse service based on trip destinations, which includes the Airport. But less than 60% of taxis choose to have Airport Ground Transportation permits. Therefore, the Airport's proposal to have taxicabs pay "drop-off" fees starting on July 1, 2026, is not feasible for those taxi drivers without Airport permits. Nor is it feasible for MTS to solve this problem by July 1, 2026 – only 3 plus months from now.

Phone: (619) 255-7355

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www.utwsd.org

Advocate • Educate • Organize • Empower



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Therefore, we ask and recommend that the Airport Board to either rescind this proposed "drop-off" fee for taxicabs starting July 2026 or at least delay its implementation for one year so that MTS and the taxi industry can better address the difficulties with this proposed change.

Sincerely,

Mikail Hussein, President & CEO, United Taxi Workers of San Diego

Cc: UTWSD Board

Sharon Cooney, CEO, MTS

Sean Elo, Chair, MTS Taxi Advisory Committee

Leonardo Fewell, MTS Vehicle For Hire Manager

United Taxi Cooperative, San Diego



May 12, 2026

Hampton Brown, Vice President & Chief Revenue Officer
San Diego County Regional Airport Authority
2417 McCain Road
San Diego, CA 92101

Dear Mr. Brown,

Thank you for meeting with the Ground Transportation industry on Monday, May 11th to hear our concerns about the proposed Access Fee plan. In the spirit of cooperation, I want to memorialize our proposed compromise plan based on the following elements:

EXISTING PICK-UP FEES

1. We will accept the proposed existing pick-up fee increases for FY 2027
2. Future automatic annual pick-up fee increases are not to exceed 5% maximum unless approved by the Airport Authority Board of Directors

PROPOSED DROP-OFF FEES

1. Table the proposed drop off-fees for FY 2027
2. Develop a comprehensive ground transportation plan for FY 2028 including:
 - a. Recommitment to a transparent Cost Recovery methodology
 - b. Multi-year phase in approach for any new future fees
 - c. Evaluation, and expansion, of Alternative Fuel Vehicle incentives
 - d. Evaluation, and expansion, of ADA Vehicle incentives

SUMMARY

As your legacy transportation industry partners, we hope that Airport Authority staff will meet us half-way with this compromise proposal. I look forward to hearing from you.

Sincerely,

A handwritten signature in blue ink, appearing to read 'A. Kwiatkowski', is written over the 'Sincerely,' text.

Adrian Kwiatkowski
President CEO

CC: Airport Authority Chair and Board of Directors
Atif Saeed, President/CEO
Marc Nichols, Director, Landside Business Development

TRANSPORTATION ALLIANCE GROUP

- Trade Association
- Founded 2013
- Members annually transport hundreds of thousands of Airport passengers
- Membership:
 - Taxi
 - Vehicle-for-hire
 - Charter
 - Off-Airport Parking
- Your legacy transportation industry partners providing:
 - Heavily regulated and reliable transportation
 - ADA services
 - Servicing the USO and our military

TRIP FEE HISTORY

- Founding organizers involved in original trip fee proposals
- Difference between:
 - Pick-Up fees
 - Drop-Off fees
- Pick-up fees proposed in 2008
 - Two-year phase-in proposed
 - No Drop-off fees proposed
- Negotiated a Pick-Up fees compromise with Airport Authority Staff
 - Initial pick-up fees phased in over four years:
 - Year 1 at 25% of Pick-up fee
 - Year 2 at 50% of Pick-up fee
 - Year 3 at 75% of Pick-up fee
 - Year 4 at 100% of Pick-up fee

TRIP FEE HISTORY

- Negotiated a Pick-Up fees Alternative Fuel Vehicles (AFV) discount compromise with Airport Authority Staff that continues to this day:
 - Initial AFV discount Pick-Up fees phased in over four years:
 - Year 1 AFV discount of 100% of Pick-up fee
 - Year 2 AFV discount of 75% of Pick-up fee
 - Year 3 AFV discount of 50% of Pick-up fee
 - Year 4 AFV discount of 25% of Pick-up fee
- Airport Authority Staff proposed eliminating AFV discount entirely
 - TAG negotiated a compromise with Airport Authority Staff to continue the AFV discount at 25% indefinitely
 - 25% AFV discount still active

RECENT TRIP FEE HISTORY

- Increase in existing pick-up fees proposed April 2025
- New drop-off fees proposed April 2025
- Last-minute proposals
 - No stakeholder outreach
 - Economic concerns
 - Declining trip counts
 - 2025 3rd worst year for trips
- TAG and Airport Staff quarterly meetings
 - No advanced notice
 - Proposals never mentioned once
- “Performative” Stakeholder Outreach meetings
 - No decision makers initially involved



Transportation Alliance Group
San Diego

SDIA TRIP COUNTS ANNUALLY

MODE	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	TOTAL
Courtesy	109,645	107,618	100,382	42,747	47,033	71,902	79,274	73,391	75,061			707,053
Off-Airport Prkg	200,864	193,117	184,350	72,243	96,831	122,027	124,108	125,391	108,222			1,227,153
Taxi	615,649	563,207	467,438	141,915	251,362	429,662	368,175	343,506	285,397			3,466,311
Shuttle-For-Hire	59,951	50,624	40,826	5,211	4,110	7,173	6,765	6,250	6,847			187,757
TOTALS	986,109	914,566	792,996	262,116	399,336	630,764	578,322	548,538	475,527	0	0	5,588,274

TNC Trips	1,568,303	3,147,613										
TNC Pick Ups			2,243,844	741,388	984,956	1,762,135	2,246,583	2,408,788	2,434,729			12,822,423
TNC Drop Offs			2,525,381	817,565	1,131,853	2,047,416	2,450,667	2,642,624	2,611,973			14,227,479
TOTALS	1,568,303	3,147,613	4,769,225	1,558,953	2,116,809	3,809,551	4,697,250	5,051,412	5,046,702	0	0	31,765,818

** Data provided by the San Diego County Regional Airport Authority, Ground Transportation Department*

RECENT TRIP FEE HISTORY

- 5/11/2026
 - First stakeholder meeting including senior Airport Authority staff
- 5/12/2026
 - TAG submits compromise proposal to Airport Authority Staff
- 5/14/2016
 - Airport Authority board budget workshop
- 6/1/2026
 - TAG follows up with Airport Authority Staff on compromise proposal
- 6/2/2026
 - Airport Authority Staff rejects TAG compromise proposal

TAG COMPROMISE PROPOSAL

- Existing Pick-Up Fees
 1. Accept proposed increases for FY 2027
 2. Accept automatic annual increases not to exceed 5% unless approved by board
- Proposed Drop-Off Fees
 3. Table proposed Drop-Off Fees for FY 2027
 4. Develop a comprehensive ground transportation plan for FY 2028 including:
 - a) Recommitment to a transparent Cost Recovery methodology
 - b) Multi-year phase in approach for any new fees
 - c) Evaluation, and expansion, of Alternative Fuel Vehicle incentives
 - d) Evaluation, and expansion, of ADA Vehicle incentives

Meeting Date:

6-4-2022

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPEAKER REQUEST FORM**

If you wish to speak during this meeting, please complete this form and submit it to the Authority Clerk prior to the initiation of the portion of the agenda containing the item to be addressed.

- Please fill out a speaker slip for each item on which you would like to speak.
- Speakers are limited to three (3) minutes.
- **NOTE:** if you are the applicant, please indicate it next to your name. Applicants, groups and referring jurisdictions are limited to five (5) minutes. **(Groups may register with the Authority prior to the meeting).**
- You may speak only once under Public Comment.

I WOULD LIKE TO SPEAK DURING: Non-Agenda Public Comment _____ OR ON Agenda Item No. 14

PLEASE PRINT CLEARLY AND LEGIBLY:

Name: ADRIAN KWIATKOWSKI

Organization (if applicable): TAG

City of Residence: _____

Phone Number: _____ Email Address: _____
(Optional) (Optional)

☒ Please check here if you are a registered lobbyist with the Authority.

SPEAKER SLIPS ARE PUBLIC RECORDS

Meeting Date:

6-4-22

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPEAKER REQUEST FORM**

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I WOULD LIKE TO SPEAK DURING: Non-Agenda Public Comment _____ OR ON Agenda Item No. 14

PLEASE PRINT CLEARLY AND LEGIBLY:

Name: Carolyn Reynolds

Organization (if applicable): TAG

City of Residence: _____

Phone Number: _____ Email Address: _____
(Optional) (Optional)

_____ Please check here if you are a registered lobbyist with the Authority.

SPEAKER SLIPS ARE PUBLIC RECORDS

Meeting Date: 6-4-26

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPEAKER REQUEST FORM**

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I WOULD LIKE TO SPEAK DURING: Non-Agenda Public Comment _____ OR ON Agenda Item No. 14

PLEASE PRINT CLEARLY AND LEGIBLY:

Name: ALFRED BANKS

Organization (if applicable): TAGE TAXI

City of Residence: San Diego

Phone Number: 619 313 1052 (Optional) Email Address: abanks2@yahoo.com (Optional)

_____ Please check here if you are a registered lobbyist with the Authority.

SPEAKER SLIPS ARE PUBLIC RECORDS

Meeting Date: 6-4-2026

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPEAKER REQUEST FORM**

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I WOULD LIKE TO SPEAK DURING: Non-Agenda Public Comment _____ OR ON Agenda Item No. 14

PLEASE PRINT CLEARLY AND LEGIBLY:

Name: TONY HUESO

Organization (if applicable): TAGE

City of residence: _____

Phone Number: _____ (Optional) Email Address: _____ (Optional)

_____ Please check here if you are a registered lobbyist with the Authority.

SPEAKER SLIPS ARE PUBLIC RECORDS

Meeting Date: 6-4-26

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPEAKER REQUEST FORM**

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I WOULD LIKE TO SPEAK DURING: Non-Agenda Public Comment _____ OR ON Agenda Item No. 14

PLEASE PRINT CLEARLY AND LEGIBLY:

Name: Tarid Mosamem

Organization (if applicable): Taxi

City of residence: San Diego

Phone Number: 8587609704 (Optional) Email Address: _____ (Optional)

____ Please check here if you are a registered lobbyist with the Authority.

SPEAKER SLIPS ARE PUBLIC RECORDS

Meeting Date: 6-4-26

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPEAKER REQUEST FORM**

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I WOULD LIKE TO SPEAK DURING: Non-Agenda Public Comment _____ OR ON Agenda Item No. 14

PLEASE PRINT CLEARLY AND LEGIBLY:

Name: HENRY AGOH

Organization (if applicable): Orange cab company

City of residence: lemon grove

Phone Number: 619-549-5061 (Optional) Email Address: agoh.henry@yahoo.com (Optional)

____ Please check here if you are a registered lobbyist with the Authority.

SPEAKER SLIPS ARE PUBLIC RECORDS

Item 15- Discussion and Possible Action

No Staff Report or material for this Item

Item 16- Discussion and Possible Action

No Staff Report or material for this Item

Non Agenda Public Comment

Meeting Date: 6/4/26

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPEAKER REQUEST FORM**

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I WOULD LIKE TO SPEAK DURING: Non-Agenda Public Comment X OR ON Agenda Item No. _____

PLEASE PRINT CLEARLY AND LEGIBLY:

Name: Brian Gonzalez

Organization (if applicable): _____

City of Residence: San Diego

Phone Number: _____ Email Address: _____
(Optional) (Optional)

_____ Please check here if you are a registered lobbyist with the Authority.

SPEAKER SLIPS ARE PUBLIC RECORDS