

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Board Members

C. April Boling  
Chairman

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

## SPECIAL BOARD MEETING and EXECUTIVE/FINANCE COMMITTEE

### AGENDA

Monday, March 27, 2017  
9:00 A.M.

San Diego International Airport  
SDCRAA Administration Building -- Third Floor  
Board Room  
3225 N. Harbor Drive  
San Diego, CA 92101

## Ex-Officio Board Members

Laurie Berman  
Eraina Ortega  
Col. Jason Woodworth

## President / CEO

Thella F. Bowens

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. If comments are made to the Board or Committee 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. ***Please note that agenda items may be taken out of order.***

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

Board members who are not members of the Committee may attend and participate in Committee discussions. To preserve the proper function of the Committee, only members officially assigned to the Committee are entitled to vote on any item before the Committee. The Committee only has the power to review items and make recommendations to the Board. Accordingly, the Committee cannot, and will not, take any final action that is binding on the Board or the Authority, even if a quorum of the Board is present.

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

**CALL TO ORDER:**

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

***Board***

Board Members: Boling (Chair), Berman (Ex-Officio) Cox, Desmond, Gleason  
Janney, Kersey, Ortega (Ex-Officio), Robinson,  
Schumacher, Sessom, Woodworth (Ex-Officio)

***Executive Committee***

Committee Members: Boling (Chair), Janney, Robinson

***Finance Committee***

Committee Members: Boling (Chair), Cox, Janney, Sessom

**NON-AGENDA PUBLIC COMMENT**

Non-Agenda Public Comment is reserved for members of the public wishing to address the Board or Committee on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Board or Committee. 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 or Committee.

**NEW BUSINESS:**

**1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the February 21, 2017 regular meeting.

***FINANCE COMMITTEE***

**NEW BUSINESS:**

**2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE EIGHT MONTHS ENDED FEBRUARY 28, 2017:**

Presented by: Kathy Kiefer, Senior Director, Finance and Asset Management

**3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF FEBRUARY 28, 2017:**

Presented by: Geoff Bryant, Manager, Airport Finance

4. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH FRASCA & ASSOCIATES, LLC FOR FINANCIAL ADVISORY SERVICES:**  
RECOMMENDATION: Forward this item to the Board for approval.  
Presented by: John Dillon, Director, Financial Management
  
5. **AUTHORIZATION OF A SUBORDINATE REVOLVING DRAWDOWN BOND PROGRAM WITH RBC CAPITAL MARKETS, LLC OF UP TO \$100,000,000 AND AN EXTENSION OF AN AMENDMENT TO THE EXISTING US BANK \$125,000,000 REVOLVING CREDIT AGREEMENT:**  
RECOMMENDATION: Forward this item to the Board for approval.  
Presented by: John Dillon, Director, Financial Management

### ***EXECUTIVE COMMITTEE***

#### **NEW BUSINESS:**

6. **PRE-APPROVAL OF TRAVEL REQUESTS AND APPROVAL OF BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REQUESTS FOR BOARD MEMBERS, THE PRESIDENT/CEO, THE CHIEF AUDITOR AND GENERAL COUNSEL:**  
RECOMMENDATION: Pre-approve travel requests and approve business and travel expense reimbursement requests.  
Presented by: Tony R. Russell, Director, Corporate & Information Governance/Authority Clerk

#### **REVIEW OF FUTURE AGENDAS:**

7. **REVIEW OF THE DRAFT AGENDA FOR THE APRIL 6, 2017 BOARD MEETING:**  
Presented by: Thella F. Bowens, President/CEO
  
8. **REVIEW OF THE DRAFT AGENDA FOR THE APRIL 6, 2017 AIRPORT LAND USE COMMISSION MEETING:**  
Presented by: Thella F. Bowens, President/CEO

### ***BOARD***

#### **NEW BUSINESS:**

9. **APPOINTMENT OF AN INTERIM PRESIDENT/CEO:**  
The Board is requested to appoint an interim President/CEO.  
RECOMMENDATION: Adopt Resolution No. 2017-0022, appointing an interim President /CEO.

**10. APPOINTMENT OF THE PRESIDENT & CEO AND AUTHORIZATION TO NEGOTIATE A CONTRACT:**

The Board is requested to appoint a President/CEO.

RECOMMENDATION: Adopt Resolution No. 2017-0023, appointing the President/CEO and authorizing the General Counsel to negotiate an employment contract.

**CLOSED SESSION:**

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

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

Re: Navy Boat Channel

Number of potential cases: 1

**12. PUBLIC EMPLOYEE APPOINTMENT:**

Cal. Gov. Code §54957

Title: President/Chief Executive Officer

**REPORT ON CLOSED SESSION:**

**BOARD AND COMMITTEE MEMBER COMMENTS:**

**ADJOURNMENT:**



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

- 1) Persons wishing to address the Board, ALUC, and Committees shall complete a “Request to Speak” form prior to the announcement of that portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment period at the beginning of the agenda is limited to eighteen (18) minutes and is reserved for persons wishing to address the Board, ALUC, or Committee on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board. A second Public Comment period is reserved for general public comment later in the meeting for those who were not heard during the first Public Comment period.
- 3) Persons wishing to speak on a specific item listed on the agenda will be afforded an opportunity to speak during the presentation of that individual item. Persons wishing to speak on a specific item should reserve their comments until the item is taken up by the Board, ALUC or Committee. Public comment on a specific item is limited to twenty (20) minutes – ten (10) minutes for those in favor and ten (10) minutes for those in opposition of an item. Each individual speaker will be allowed three (3) minutes, and applicants and groups will be allowed five (5) minutes.
- 4) If many persons have indicated a desire to address the Board, ALUC or Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
- 6) After a public hearing or the Public Comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

**Additional Meeting Information**

**NOTE:** This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assitive Listening Device (ALD) for the meeting, please telephone the Authority Clerk’s Office at (619) 400-2400 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the agenda is also available to you on our website at [www.san.org](http://www.san.org).

**For those planning to attend the Board meeting, parking is available in the public parking lot located directly in front of the SDCRAA Administration Building. Bring your ticket to the third floor receptionist for validation.**

**You may also reach the SDCRAA Administration Building by using public transit via the San Diego MTS system, Route 992. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.**

**UPCOMING MEETING SCHEDULE**

<i>Date</i>	<i>Day</i>	<i>Time</i>	<i>Meeting Type</i>	<i>Location</i>
April 24	Monday	9:00 A.M.	Regular	Board Room

STATE OF CALIFORNIA )  
 COUNTY OF SAN DIEGO )  
 SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY )

I, Ariel Levy Mayer, Assistant Authority Clerk I, San Diego County Regional Airport Authority, hereby certify that at the hour of 8:45 a.m. I caused the posting of this notice on the bulletin board located on the first floor of the San Diego International Airport, SDCRAA Administration Building.

DATE: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
EXECUTIVE AND FINANCE COMMITTEE MEETING MINUTES  
TUESDAY, FEBRUARY 21, 2017  
BOARD ROOM**

**CALL TO ORDER:** Chairman Boling called the Executive and Finance Committee Meeting to order at 9:03 a.m., on Tuesday, February 21, 2017, in the Board Room of the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

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

**ROLL CALL:**

***Executive Committee***

Present:                   Committee Members:       Boling (Chairman), Janney, Robinson  
                                  Board Members:            Gleason  
Absent:                   Committee Members:       None

***Finance Committee***

Present:                   Committee Members:       Boling (Chairman), Cox, Janney, Sessom  
Absent:                   Committee Members:       None

Also Present: Thella F. Bowens, President/CEO; Lee Kaminetz, Senior Attorney;  
                  Tony Russell, Director, Corporate and Information Governance/  
                  Authority Clerk; Ariel Levy-Mayer, Assistant Authority Clerk I

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

**NEW BUSINESS:**

**1.    APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the January 23, 2017 regular meeting.

**ACTION:** Moved by Board Member Janney and seconded by Board Member Robinson to approve staff's recommendation. Motion carried unanimously.

**FINANCE COMMITTEE NEW BUSINESS:**

**2.    REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE SEVEN MONTHS ENDED JANUARY 31, 2017:**

Scott Brickner, VP, Finance and Asset Management/Treasurer; and Kathy Kiefer, Senior Director, Finance and Asset Management, provided a presentation on the Review of the Unaudited Financial Statements for the Seven Months Ended January 31, 2017 which included Enplanements, Car Rental

License Fees, Food and Beverage Concessions Revenue, Retail Concessions Revenue, Total Terminal Concessions, Parking Revenue, Operating Revenues for the Month Ended January 31, 2017, Operating Expenses for the Month Ended January 31, 2017, Financial Summary for the Month Ended January 31, 2017, Non-operating Revenues & Expenses for the Month Ended January 31, 2017, Operating Revenues for the Seven Months Ended January 31, 2017, Operating Expenses for the Seven Months Ended January 31, 2017, Financial Summary for the Seven Months Ended January 31, 2017, Non-operating Revenues & Expenses for the Seven Months Ended January 31, 2017, and Statements of Net Position.

**3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF JANUARY 31, 2017:**

Geoff Bryant, Manager, Airport Finance, provided a presentation on the Authority's Investment Report as of January 31, 2017 which included Total Portfolio Summary, Portfolio Composition by Security Type, Portfolio Composition by Credit Rating, Portfolio Composition by Maturity, Benchmark Comparison, Detail of Security Holdings, Portfolio Investment Transactions, Bond Proceeds Summary, and Bond Proceeds Investment Transactions.

**4. SELECTION OF DEBT UNDERWRITERS FOR THE CAPITAL PROGRAM:**

John Dillon, Director, Financial Management, provided a presentation on the Selection of Debt Underwriters for the Capital Program, which included Underwriting Pool, Underwriter Responsibilities, Goals of Selection Process, Selection Criteria, Results: A Pool of Six Firms to Serve the Authority, and Recommendations and Requested Actions.

RECOMMENDATION: Forward this item to the Board for approval.

**ACTION: Moved by Board Member Cox and seconded by Board Member Janney to approve staff's recommendation. Motion carried unanimously.**

**EXECUTIVE COMMITTEE NEW BUSINESS:**

**5. PRE-APPROVAL OF TRAVEL REQUESTS AND APPROVAL OF BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REQUESTS FOR BOARD MEMBERS, THE PRESIDENT/CEO, THE CHIEF AUDITOR AND GENERAL COUNSEL:**

RECOMMENDATION: Pre-approve travel requests and approve business and travel expense reimbursement requests.

**ACTION: Moved by Board Member Janney and seconded by Board Member Robinson to approve staff's recommendation. Motion carried unanimously.**

**REVIEW OF FUTURE AGENDAS:**

**6. REVIEW OF THE DRAFT AGENDA FOR THE MARCH 2, 2017 BOARD MEETING:**

Thella F. Bowens, President/CEO, provided an overview of the draft agenda for the March 2, 2017 Board Meeting.

**7. REVIEW OF THE DRAFT AGENDA FOR THE MARCH 2, 2017 AIRPORT LAND USE COMMISSION MEETING:**

Thella F. Bowens, President/CEO, provided an overview of the draft agenda for the March 2, 2017 ALUC Meeting.

**CLOSED SESSION:** The Committee recessed into Closed Session at 9:33 a.m. to discuss Item 8.

**8. PUBLIC EMPLOYEE APPOINTMENT:**

Cal. Gov. Code §54957

Title: President/Chief Executive Officer

**REPORT ON CLOSED SESSION:** None.

**COMMITTEE MEMBER COMMENTS:** None.

**ADJOURNMENT:** The meeting adjourned at 10:00 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY EXECUTIVE COMMITTEE THIS 27<sup>th</sup> DAY OF MARCH, 2017.

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

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
 Statements of Net Position  
 as of February 28, 2017  
 (Unaudited)  
 Revised

ASSETS

	February	
	2017	2016
<b>Current assets:</b>		
Cash and investments <sup>(1)</sup>	\$ 76,816,331	\$ 59,929,223
Tenant lease receivable, net of allowance of 2017: (\$213,232) and 2016: (\$182,983)	7,598,105	6,129,934
Grants receivable	2,861,281	8,013,355
Notes receivable-current portion	1,705,491	1,608,986
Prepaid expenses and other current assets	7,244,980	7,505,552
<b>Total current assets</b>	<b>96,226,188</b>	<b>83,187,050</b>
<b>Cash designated for capital projects and other <sup>(1)</sup></b>	<b>26,453,523</b>	<b>39,559,901</b>
<b>Restricted assets:</b>		
Cash and investments:		
Bonds reserve <sup>(1)</sup>	57,872,255	58,680,922
Passenger facility charges and interest unapplied <sup>(1)</sup>	66,920,004	65,426,663
Customer facility charges and interest unapplied <sup>(1)</sup>	33,879,131	42,441,218
SBD Bond Guarantee <sup>(1)</sup>	4,000,000	4,000,000
Bond proceeds held by trustee <sup>(1)</sup>	142,550,745	187,816,697
Variable rate debt interest held by Trustee <sup>(1)</sup>	4,589,685	-
Passenger facility charges receivable	7,081,909	4,749,121
Customer facility charges receivable	3,461,424	4,177,788
OCIP insurance reserve	2,697,635	3,772,465
<b>Total restricted assets</b>	<b>323,052,788</b>	<b>371,064,874</b>
<b>Noncurrent assets:</b>		
<b>Capital assets:</b>		
Land and land improvements	110,139,441	83,598,180
Runways, roads and parking lots	590,788,831	590,461,113
Buildings and structures	1,410,692,327	1,117,193,176
Machinery and equipment	48,940,762	42,849,141
Vehicles	15,095,350	14,542,052
Office furniture and equipment	33,356,892	32,395,071
Works of art	9,703,081	8,103,463
Construction-in-progress	191,248,238	439,483,121
	<b>2,409,964,922</b>	<b>2,328,625,317</b>
Less accumulated depreciation	(873,648,124)	(786,402,155)
<b>Total capital assets, net</b>	<b>1,536,316,798</b>	<b>1,542,223,162</b>
<b>Other assets:</b>		
Notes receivable - long-term portion	33,915,540	35,686,541
Investments-long-term portion <sup>(1)</sup>	182,668,307	115,544,039
Security deposit	349,943	349,943
<b>Total other assets</b>	<b>216,933,790</b>	<b>151,580,523</b>
<b>Deferred outflows of resources:</b>		
Deferred pension contributions	5,905,434	5,852,753
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,204,888,521</b>	<b>\$ 2,193,468,263</b>

<sup>(1)</sup> Total cash and investments, \$595,749,981 for 2017 and \$573,398,663 for 2016

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
 Statements of Net Position  
 as of February 28, 2017  
 (Unaudited)  
 Revised

LIABILITIES AND NET POSITION

	February	
	2017	2016
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 30,485,299	\$ 48,297,936
Deposits and other current liabilities	8,002,647	7,492,156
<b>Total current liabilities</b>	<b>38,487,946</b>	<b>55,790,092</b>
<b>Current liabilities - payable from restricted assets:</b>		
Current portion of long-term debt	11,585,000	11,090,000
Accrued interest on bonds and variable debt	10,901,235	10,984,602
<b>Total liabilities payable from restricted assets</b>	<b>22,486,235</b>	<b>22,074,602</b>
<b>Long-term liabilities:</b>		
Variable debt	56,831,000	38,705,000
Other long-term liabilities	10,329,596	5,951,374
Long term debt - bonds net of amortized premium	1,277,392,057	1,293,160,625
<b>Total long-term liabilities</b>	<b>1,344,552,653</b>	<b>1,337,816,999</b>
<b>Total liabilities</b>	<b>1,405,526,834</b>	<b>1,415,681,693</b>
<b>Deferred inflows of resources:</b>		
Deferred pension investment gains	1,807,420	8,167,978
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 1,407,334,254</b>	<b>\$ 1,423,849,671</b>
<b>Net Position:</b>		
Invested in capital assets, net of related debt	325,476,319	379,235,088
Other restricted	175,818,429	182,893,473
Unrestricted:		
Designated	26,453,523	39,559,901
Undesignated	269,805,988	167,930,125
<b>Total Net Position</b>	<b>\$ 797,554,259</b>	<b>\$ 769,618,587</b>

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Month Ended February 28, 2017**  
**(Unaudited)**  
**Revised**

	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
				Change	
<b>Operating revenues:</b>					
Aviation revenue:					
Landing fees	\$ 1,979,659	\$ 2,021,961	\$ 42,302	2%	\$ 1,896,565
Aircraft parking Fees	242,304	242,299	(5)	-	219,233
Building rentals	4,572,854	4,603,640	30,786	1%	4,460,171
Security surcharge	2,488,129	2,486,660	(1,469)	-	2,304,405
CUPPS Support Charges	103,761	103,646	(115)	-	100,545
Other aviation revenue	133,790	133,695	(95)	-	132,695
Terminal rent non-airline	103,182	129,949	26,767	26%	110,440
Terminal concessions	1,888,069	2,018,534	130,465	7%	1,761,555
Rental car license fees	2,169,404	2,183,640	14,236	1%	2,077,238
Rental car center cost recovery	182,887	187,996	5,109	3%	147,654
License fees other	379,758	384,262	4,504	1%	340,997
Parking revenue	3,018,571	2,844,702	(173,869)	(6)%	3,057,320
Ground transportation permits and citations	427,545	544,962	117,417	27%	394,415
Ground rentals	1,548,570	1,535,254	(13,316)	(1)%	1,529,261
Grant reimbursements	16,869	22,400	5,531	33%	23,200
Other operating revenue	62,690	231,323	168,633	269%	119,797
<b>Total operating revenues</b>	<b>19,318,042</b>	<b>19,674,923</b>	<b>356,881</b>	<b>2%</b>	<b>18,675,491</b>
<b>Operating expenses:</b>					
Salaries and benefits	3,601,714	3,422,231	179,483	5%	3,453,871
Contractual services	3,761,542	3,411,783	349,759	9%	3,503,894
Safety and security	2,323,499	2,245,243	78,256	3%	2,259,966
Space rental	849,288	848,547	741	-	868,302
Utilities	901,274	598,110	303,164	34%	895,315
Maintenance	1,059,313	1,190,890	(131,577)	(12)%	1,030,997
Equipment and systems	20,970	56,829	(35,859)	(171)%	49,913
Materials and supplies	38,322	62,290	(23,968)	(63)%	32,162
Insurance	77,388	78,596	(1,208)	(2)%	78,592
Employee development and support	70,078	171,858	(101,780)	(145)%	95,926
Business development	196,604	200,451	(3,847)	(2)%	154,535
Equipment rentals and repairs	300,497	248,736	51,761	17%	303,352
<b>Total operating expenses</b>	<b>13,200,489</b>	<b>12,535,564</b>	<b>664,925</b>	<b>5%</b>	<b>12,726,825</b>
Depreciation	7,644,202	7,644,202	-	-	6,871,808
<b>Operating income (loss)</b>	<b>(1,526,649)</b>	<b>(504,843)</b>	<b>1,021,806</b>	<b>67%</b>	<b>(923,142)</b>
<b>Nonoperating revenue (expenses):</b>					
Passenger facility charges	5,594,138	5,651,395	57,257	1%	5,215,969
Customer facility charges (Rental Car Center)	3,178,381	2,897,783	(280,598)	(9)%	2,631,785
Quieter Home Program	(304,141)	(88,397)	215,744	71%	(404,188)
Interest income	527,722	662,430	134,708	26%	862,681
BAB interest rebate	385,935	385,851	(84)	(0)%	385,851
Interest expense	(5,619,664)	(5,122,877)	496,787	9%	(5,160,404)
Bond amortization costs	345,145	345,145	-	-	352,694
Other nonoperating income (expenses)	(833)	167,269	168,102	-	725,235
<b>Nonoperating revenue, net</b>	<b>4,106,683</b>	<b>4,898,599</b>	<b>791,916</b>	<b>19%</b>	<b>4,609,623</b>
<b>Change in net position before capital grant contribution</b>	<b>2,580,034</b>	<b>4,393,756</b>	<b>1,813,722</b>	<b>70%</b>	<b>3,686,481</b>
Capital grant contributions	149,667	-	(149,667)	(100)%	83,330
<b>Change in net position</b>	<b>\$ 2,729,701</b>	<b>\$ 4,393,756</b>	<b>\$ 1,664,055</b>	<b>(61)%</b>	<b>\$ 3,769,811</b>







**San Diego County Regional Airport Authority**  
**Authority Detail Income Statement - Supplemental Schedule**  
 For the eight months ended February 28, 2017  
 (Unaudited)

Print Date: 3/16/2017  
 Print Time: 3:17:01PM  
 Report ID: GL0012

	Month to Date					Year to Date				
	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
<b>Landing Fees</b>										
41112 - Landing Fees - Signatory	\$1,988,455	\$2,044,669	\$56,214	3	\$1,900,394	\$17,575,604	\$18,188,045	\$612,442	3	\$16,535,582
41113 - Landing Fee Rebate	(8,796)	(22,708)	(13,912)	(158)	(3,829)	(100,057)	(219,819)	(119,762)	(120)	(112,423)
<b>Total Landing Fees</b>	<b>1,979,659</b>	<b>2,021,961</b>	<b>42,302</b>	<b>2</b>	<b>1,896,565</b>	<b>17,475,547</b>	<b>17,968,227</b>	<b>492,680</b>	<b>3</b>	<b>16,423,159</b>
<b>Aircraft Parking Fees</b>										
41150 - Terminal Aircraft Parking	208,381	208,376	(5)	0	194,400	1,667,051	1,667,012	(39)	0	1,555,196
41155 - Remote Aircraft Parking	33,923	33,923	0	0	24,834	271,380	271,380	0	0	250,880
<b>Total Aircraft Parking Fees</b>	<b>242,304</b>	<b>242,299</b>	<b>(5)</b>	<b>0</b>	<b>219,234</b>	<b>1,938,431</b>	<b>1,938,392</b>	<b>(39)</b>	<b>0</b>	<b>1,806,077</b>
<b>Building and Other Rents</b>										
41210 - Terminal Rent	4,507,685	4,543,023	35,338	1	4,406,141	36,061,481	36,091,331	29,850	0	34,856,110
41215 - Federal Inspection Services	65,168	60,617	(4,551)	(7)	54,028	548,345	550,704	2,359	0	486,424
<b>Total Building and Other Rents</b>	<b>4,572,853</b>	<b>4,603,640</b>	<b>30,787</b>	<b>1</b>	<b>4,460,169</b>	<b>36,609,827</b>	<b>36,642,035</b>	<b>32,208</b>	<b>0</b>	<b>35,342,534</b>
<b>Security Surcharge</b>										
41310 - Airside Security Charges	613,108	612,707	(401)	0	561,320	4,904,867	4,898,778	(6,089)	0	4,313,859
41320 - Terminal Security Charge	1,875,021	1,873,953	(1,068)	0	1,743,085	15,000,166	14,980,512	(19,654)	0	13,340,132
<b>Total Security Surcharge</b>	<b>2,488,129</b>	<b>2,486,660</b>	<b>(1,469)</b>	<b>0</b>	<b>2,304,405</b>	<b>19,905,032</b>	<b>19,879,290</b>	<b>(25,742)</b>	<b>0</b>	<b>17,653,991</b>
<b>CUPPS Support Charges</b>										
41400 - CUPPS Support Charges	103,761	103,646	(115)	0	100,545	830,087	828,148	(1,940)	0	804,360
<b>Total CUPPS Support Charges</b>	<b>103,761</b>	<b>103,646</b>	<b>(115)</b>	<b>0</b>	<b>100,545</b>	<b>830,087</b>	<b>828,148</b>	<b>(1,940)</b>	<b>0</b>	<b>804,360</b>
<b>Other Aviation Revenue</b>										
43100 - Fuel Franchise Fees	14,839	14,744	(95)	(1)	13,744	126,664	128,659	1,995	2	120,127
43105 - New Capital Recovery	118,951	118,951	0	0	118,951	951,608	951,608	0	0	951,608
<b>Total Other Aviation Revenue</b>	<b>133,790</b>	<b>133,695</b>	<b>(95)</b>	<b>0</b>	<b>132,695</b>	<b>1,078,272</b>	<b>1,080,267</b>	<b>1,995</b>	<b>0</b>	<b>1,071,735</b>
<b>Non-Airline Terminal Rents</b>										
45010 - Terminal Rent - Non-Airline	103,182	129,949	26,768	26	110,440	829,012	1,024,629	195,617	24	587,531
<b>Total Non-Airline Terminal Rents</b>	<b>103,182</b>	<b>129,949</b>	<b>26,768</b>	<b>26</b>	<b>110,440</b>	<b>829,012</b>	<b>1,024,629</b>	<b>195,617</b>	<b>24</b>	<b>587,531</b>

**San Diego County Regional Airport Authority**  
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<b>Concession Revenue</b>										
45111 - Term Concessions-Food & Bev	\$770,001	\$838,021	\$68,021	9	\$692,434	\$6,482,168	\$7,117,140	\$634,972	10	\$6,366,257
45112 - Terminal Concessions - Retail	488,902	530,586	41,684	9	470,764	4,199,353	4,657,958	458,605	11	4,112,825
45113 - Term Concessions - Other	255,535	320,714	65,180	26	274,131	2,041,648	2,360,942	319,293	16	2,242,353
45114 - Term Concessions Space Rents	71,969	72,591	621	1	71,170	575,754	580,725	4,971	1	570,313
45115 - Term Concessions Cost Recovery	135,162	86,028	(49,134)	(36)	91,198	858,731	681,906	(176,825)	(21)	693,911
45116 - Rec Distr Center Cost Recovery	127,172	127,420	248	0	123,724	1,017,374	1,003,384	(13,990)	(1)	992,406
45117 - Concessions Marketing Program	39,328	43,174	3,846	10	38,134	364,070	398,175	34,105	9	363,032
45120 - Rental car license fees	2,169,404	2,183,640	14,236	1	2,077,238	17,215,376	18,987,192	1,771,816	10	17,141,011
45121 - Rental Car Center Cost Recover	182,887	187,996	5,109	3	147,654	1,463,094	1,465,697	2,603	0	200,033
45130 - License Fees - Other	379,758	384,262	4,504	1	340,997	2,856,547	3,184,852	328,305	11	2,889,742
<b>Total Concession Revenue</b>	<b>4,620,116</b>	<b>4,774,433</b>	<b>154,316</b>	<b>3</b>	<b>4,327,443</b>	<b>37,074,115</b>	<b>40,437,971</b>	<b>3,363,855</b>	<b>9</b>	<b>35,571,884</b>
<b>Parking and Ground Transportat</b>										
45210 - Parking	3,018,571	2,844,702	(173,869)	(6)	3,057,320	27,339,222	27,352,052	12,831	0	28,359,985
45220 - AVI fees	419,164	494,994	75,830	18	356,520	3,645,460	4,452,455	806,995	22	2,444,510
45240 - Ground Transportation Pe	0	30,890	30,890	0	33,872	492,626	613,222	120,595	24	940,281
45250 - Citations	8,381	19,078	10,697	128	4,023	67,052	138,031	70,979	106	155,496
<b>Total Parking and Ground Transportat</b>	<b>3,446,117</b>	<b>3,389,664</b>	<b>(56,452)</b>	<b>(2)</b>	<b>3,451,736</b>	<b>31,544,360</b>	<b>32,555,760</b>	<b>1,011,400</b>	<b>3</b>	<b>31,900,272</b>
<b>Ground Rentals</b>										
45310 - Ground Rental - Fixed	1,548,570	1,535,255	(13,315)	(1)	1,529,261	12,388,561	12,329,622	(58,939)	0	8,933,153
45320 - Ground Rental - Percenta	0	0	0	0	0	0	0	0	0	22,574
<b>Total Ground Rentals</b>	<b>1,548,570</b>	<b>1,535,255</b>	<b>(13,315)</b>	<b>(1)</b>	<b>1,529,261</b>	<b>12,388,561</b>	<b>12,329,622</b>	<b>(58,939)</b>	<b>0</b>	<b>8,955,726</b>
<b>Grant Reimbursements</b>										
45410 - TSA Reimbursements	16,869	22,400	5,531	33	23,200	146,399	194,400	48,001	33	195,130
<b>Total Grant Reimbursements</b>	<b>16,869</b>	<b>22,400</b>	<b>5,531</b>	<b>33</b>	<b>23,200</b>	<b>146,399</b>	<b>194,400</b>	<b>48,001</b>	<b>33</b>	<b>195,130</b>

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<b>Other Operating Revenue</b>										
45510 - Finger Printing Fee	\$17,605	\$14,097	\$(3,508)	(20)	\$14,482	\$140,843	\$128,636	\$(12,207)	(9)	\$134,923
45520 - Utilities Reimbursements	19,427	19,427	0	0	18,416	155,413	155,413	0	0	147,327
45530 - Miscellaneous Other Reve	4,274	196,448	192,174	4,497	65,215	34,189	577,794	543,604	1,590	93,127
45540 - Service Charges	7,314	(11,508)	(18,822)	(257)	9,509	58,511	72,206	13,695	23	65,828
45570 - FBO Landing Fees	14,071	12,858	(1,213)	(9)	12,175	112,569	133,344	20,775	18	112,012
45580 - Equipment Rental	0	0	0	0	0	0	3,480	3,480	0	8,320
<b>Total Other Operating Revenue</b>	<b>62,691</b>	<b>231,322</b>	<b>168,631</b>	<b>269</b>	<b>119,797</b>	<b>501,525</b>	<b>1,070,872</b>	<b>569,347</b>	<b>114</b>	<b>561,536</b>
<b>Total Operating Revenue</b>	<b>19,318,040</b>	<b>19,674,924</b>	<b>356,884</b>	<b>2</b>	<b>18,675,489</b>	<b>160,321,169</b>	<b>165,949,614</b>	<b>5,628,444</b>	<b>4</b>	<b>150,873,935</b>
<b>Personnel Expenses</b>										
<b>Salaries</b>										
51110 - Salaries & Wages	2,688,301	2,291,518	396,783	15	2,205,772	22,190,171	18,116,809	4,073,362	18	17,602,077
51210 - Paid Time Off	0	162,744	(162,744)	0	179,183	0	1,798,187	(1,798,187)	0	1,741,093
51220 - Holiday Pay	0	0	0	0	53,498	0	551,227	(551,227)	0	664,991
51240 - Other Leave With Pay	0	9,749	(9,749)	0	8,390	0	65,696	(65,696)	0	78,683
51250 - Special Pay	0	57,087	(57,087)	0	43,617	0	485,818	(485,818)	0	528,037
<b>Total Salaries</b>	<b>2,688,301</b>	<b>2,521,097</b>	<b>167,204</b>	<b>6</b>	<b>2,490,460</b>	<b>22,190,171</b>	<b>21,017,738</b>	<b>1,172,433</b>	<b>5</b>	<b>20,614,881</b>
52110 - Overtime	55,991	47,208	8,783	16	53,646	433,980	451,129	(17,149)	(4)	462,554
<b>Benefits</b>										
54110 - FICA Tax	207,575	189,359	18,216	9	187,622	1,606,685	1,489,611	117,074	7	1,465,333
54120 - Unemployment Insurance-S	0	24,837	(24,837)	0	0	0	66,357	(66,357)	0	34,398
54130 - Workers Compensation Ins	22,863	14,396	8,467	37	14,512	188,616	126,336	62,281	33	118,789
54135 - Workers Comp Incident Expense	0	14,130	(14,130)	0	10,330	0	56,816	(56,816)	0	28,260
54210 - Medical Insurance	384,716	304,918	79,798	21	334,431	2,975,956	2,700,246	275,710	9	2,598,328
54220 - Dental Insurance	27,522	25,956	1,566	6	26,231	219,662	207,840	11,822	5	204,885
54230 - Vision Insurance	3,376	3,212	164	5	3,220	27,010	25,536	1,474	5	25,208
54240 - Life Insurance	8,615	8,556	59	1	7,864	68,919	66,294	2,624	4	62,048
54250 - Short Term Disability	9,584	9,979	(394)	(4)	9,808	76,674	79,692	(3,019)	(4)	76,849
54310 - Retirement	516,387	474,759	41,628	8	442,560	4,131,097	3,748,649	382,448	9	3,773,055
54315 - Retiree	174,548	174,350	198	0	210,400	1,396,387	1,392,950	3,437	0	1,671,600
54410 - Taxable Benefits	0	0	0	0	0	0	20,630	(20,630)	0	19,562
54430 - Accrued Vacation	0	(36,446)	36,446	0	51,877	0	(243,601)	243,601	0	40,413
<b>Total Benefits</b>	<b>1,355,186</b>	<b>1,208,005</b>	<b>147,181</b>	<b>11</b>	<b>1,298,855</b>	<b>10,691,007</b>	<b>9,737,356</b>	<b>953,650</b>	<b>9</b>	<b>10,118,727</b>

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<b>Cap Labor/Burden/OH Recharge</b>										
54510 - Capitalized Labor Recha	\$ (446,986)	\$ (88,881)	\$ (358,105)	(80)	\$ (73,358)	\$ (3,687,638)	\$ (617,890)	\$ (3,069,748)	(83)	\$ (670,469)
54515 - Capitalized Burden Rech	0	(34,272)	34,272	0	(29,702)	0	(233,111)	233,111	0	(257,476)
54599 - OH Contra	0	(227,151)	227,151	0	(245,693)	0	(2,220,516)	2,220,516	0	(2,169,325)
<b>Total Cap Labor/Burden/OH Recharge</b>	<b>(446,986)</b>	<b>(350,304)</b>	<b>(96,682)</b>	<b>(22)</b>	<b>(348,754)</b>	<b>(3,687,638)</b>	<b>(3,071,517)</b>	<b>(616,121)</b>	<b>(17)</b>	<b>(3,097,270)</b>
<b>QHP Labor/Burden/OH Recharge</b>										
54520 - QHP Labor Recharge	(50,776)	(893)	(49,884)	(98)	(29,015)	(418,905)	(48,487)	(370,417)	(88)	(226,539)
54525 - QHP Burden Recharge	0	(385)	385	0	(12,693)	0	(20,433)	20,433	0	(98,333)
54526 - QHP OH Contra Acct	0	0	0	0	763	0	(99,109)	99,109	0	(161,933)
<b>Total QHP Labor/Burden/OH Recharge</b>	<b>(50,776)</b>	<b>(1,277)</b>	<b>(49,499)</b>	<b>(97)</b>	<b>(40,946)</b>	<b>(418,905)</b>	<b>(168,030)</b>	<b>(250,875)</b>	<b>(60)</b>	<b>(486,805)</b>
<b>MM&amp;JS Labor/Burden/OH Recharge</b>										
54530 - MM & JS Labor Recharge	0	(2,500)	2,500	0	(1,355)	0	0	0	0	(1,488)
54531 - Joint Studies - Labor	0	0	0	0	1,960	0	0	0	0	2,092
54535 - MM & JS Burden Recharge	0	0	0	0	(451)	0	0	0	0	(500)
54536 - Maintenance-Burden	0	0	0	0	451	0	0	0	0	500
<b>Total MM&amp;JS Labor/Burden/OH Recharge</b>	<b>0</b>	<b>(2,500)</b>	<b>2,500</b>	<b>0</b>	<b>605</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>605</b>
<b>Total Personnel Expenses</b>	<b>3,601,715</b>	<b>3,422,228</b>	<b>179,487</b>	<b>5</b>	<b>3,453,866</b>	<b>29,208,614</b>	<b>27,966,676</b>	<b>1,241,938</b>	<b>4</b>	<b>27,612,692</b>
<b>Non-Personnel Expenses</b>										
<b>Contract Services</b>										
61100 - Temporary Staffing	13,194	21,956	(8,763)	(66)	37,693	92,077	271,625	(179,548)	(195)	237,087
61110 - Auditing Services	2,000	0	2,000	100	2,500	153,800	154,800	(1,000)	(1)	141,949
61120 - Legal Services	66,000	(6,965)	72,965	111	39,000	528,000	281,609	246,391	47	150,488
61130 - Services - Professional	1,151,129	817,050	334,080	29	1,183,633	8,528,707	8,149,969	378,738	4	7,951,776
61150 - Outside Svs - Other	318,704	208,438	110,267	35	293,486	2,487,379	2,191,437	295,941	12	2,225,549
61160 - Services - Custodial	2,374,751	2,425,500	(50,750)	(2)	1,932,584	18,809,442	18,305,702	503,740	3	13,757,185
61190 - Receiving & Dist Cntr Services	134,611	134,605	6	0	129,019	1,060,977	1,056,868	4,109	0	1,043,894
61990 - OH Contra	(298,847)	(188,800)	(110,047)	(37)	(114,020)	(2,196,306)	(1,620,574)	(575,732)	(26)	(1,423,027)
<b>Total Contract Services</b>	<b>3,761,541</b>	<b>3,411,784</b>	<b>349,757</b>	<b>9</b>	<b>3,503,895</b>	<b>29,464,075</b>	<b>28,791,435</b>	<b>672,640</b>	<b>2</b>	<b>24,084,902</b>

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<b>Safety and Security</b>										
61170 - Services - Fire, Police,	\$495,720	\$411,364	\$84,355	17	\$628,084	\$3,965,757	\$3,711,152	\$254,605	6	\$4,029,038
61180 - Services - SDUPD-Harbor	1,409,445	1,398,748	10,696	1	1,314,874	11,627,918	10,950,138	677,779	6	10,122,787
61185 - Guard Services	278,333	290,823	(12,490)	(4)	245,777	2,056,667	2,186,444	(129,778)	(6)	1,978,783
61188 - Other Safety & Security Serv	140,000	144,307	(4,307)	(3)	71,230	970,000	967,724	2,276	0	587,498
<b>Total Safety and Security</b>	<b>2,323,497</b>	<b>2,245,242</b>	<b>78,255</b>	<b>3</b>	<b>2,259,966</b>	<b>18,620,342</b>	<b>17,815,458</b>	<b>804,883</b>	<b>4</b>	<b>16,718,107</b>
<b>Space Rental</b>										
62100 - Rent	849,288	848,547	741	0	868,302	6,794,300	6,793,440	860	0	6,891,279
<b>Total Space Rental</b>	<b>849,288</b>	<b>848,547</b>	<b>741</b>	<b>0</b>	<b>868,302</b>	<b>6,794,300</b>	<b>6,793,440</b>	<b>860</b>	<b>0</b>	<b>6,891,279</b>
<b>Utilities</b>										
63100 - Telephone & Other Commun	36,638	36,821	(183)	0	11,859	287,743	321,469	(33,725)	(12)	264,843
63110 - Utilities - Gas & Electr	801,223	497,691	303,532	38	821,413	7,895,969	6,174,861	1,721,108	22	7,005,639
63120 - Utilities - Water	63,413	64,068	(655)	(1)	62,043	652,177	695,139	(42,962)	(7)	641,773
63190 - OH Contra	0	(469)	469	0	0	0	(2,548)	2,548	0	0
<b>Total Utilities</b>	<b>901,274</b>	<b>598,111</b>	<b>303,163</b>	<b>34</b>	<b>895,315</b>	<b>8,835,889</b>	<b>7,188,920</b>	<b>1,646,969</b>	<b>19</b>	<b>7,912,255</b>
<b>Maintenance</b>										
64100 - Facilities Supplies	71,600	92,571	(20,971)	(29)	67,882	601,400	575,127	26,273	4	588,312
64110 - Maintenance - Annual R	805,713	541,400	264,313	33	736,611	6,689,585	6,629,949	59,636	1	6,624,690
64122 - Contractor Labor	0	(2,871)	2,871	0	0	0	689	(689)	0	0
64123 - Contractor Burden	0	0	0	0	0	0	877	(877)	0	0
64124 - Maintenance-Overhead	0	12	(12)	0	0	0	335	(335)	0	(47)
64125 - Major Maintenance - Mat	152,000	598,481	(446,481)	(294)	200,458	1,472,228	1,867,108	(394,880)	(27)	1,212,183
64127 - Contract Overhead (co	0	(4,533)	4,533	0	0	0	2,765	(2,765)	0	394
64140 - Refuse & Hazardous Waste	30,000	(34,169)	64,169	214	26,046	340,000	247,800	92,200	27	659,621
<b>Total Maintenance</b>	<b>1,059,313</b>	<b>1,190,892</b>	<b>(131,579)</b>	<b>(12)</b>	<b>1,030,997</b>	<b>9,103,213</b>	<b>9,324,650</b>	<b>(221,437)</b>	<b>(2)</b>	<b>9,085,152</b>
<b>Equipment and Systems</b>										
65100 - Equipment & Systems	22,986	59,996	(37,010)	(161)	50,070	230,780	250,859	(20,078)	(9)	358,473
65101 - OH Contra	(2,016)	(3,167)	1,151	57	(157)	(17,024)	(5,327)	(11,697)	(69)	(1,383)
<b>Total Equipment and Systems</b>	<b>20,970</b>	<b>56,829</b>	<b>(35,859)</b>	<b>(171)</b>	<b>49,912</b>	<b>213,756</b>	<b>245,532</b>	<b>(31,776)</b>	<b>(15)</b>	<b>357,090</b>

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<b>Materials and Supplies</b>										
65110 - Office & Operating Suppl	\$35,455	\$44,233	\$(8,778)	(25)	\$10,207	\$271,599	\$297,063	\$(25,465)	(9)	\$260,451
65120 - Safety Equipment & Suppl	5,454	11,157	(5,703)	(105)	21,537	47,214	66,533	(19,319)	(41)	70,919
65130 - Tools - Small	1,250	7,425	(6,175)	(494)	365	10,000	40,149	(30,149)	(301)	8,731
65199 - OH Contra	(3,838)	(525)	(3,313)	(86)	54	(39,310)	(26,131)	(13,179)	(34)	(15,942)
<b>Total Materials and Supplies</b>	<b>38,321</b>	<b>62,289</b>	<b>(23,968)</b>	<b>(63)</b>	<b>32,164</b>	<b>289,503</b>	<b>377,614</b>	<b>(88,112)</b>	<b>(30)</b>	<b>324,159</b>
<b>Insurance</b>										
67170 - Insurance - Property	40,726	40,919	(194)	0	37,184	325,807	327,355	(1,549)	0	297,471
67171 - Insurance - Liability	12,170	11,825	345	3	17,254	97,363	94,600	2,762	3	138,029
67172 - Insurance - Public Offic	11,281	11,255	26	0	11,771	91,199	90,992	207	0	95,115
67173 - Insurance Miscellaneous	13,211	14,598	(1,387)	(10)	12,384	107,837	128,702	(20,865)	(19)	101,182
<b>Total Insurance</b>	<b>77,388</b>	<b>78,597</b>	<b>(1,209)</b>	<b>(2)</b>	<b>78,593</b>	<b>622,205</b>	<b>641,649</b>	<b>(19,444)</b>	<b>(3)</b>	<b>631,798</b>
<b>Employee Development and Suppo</b>										
66120 - Awards - Service	5,000	2,185	2,815	56	620	60,500	50,167	10,333	17	17,819
66130 - Book & Periodicals	5,093	6,947	(1,854)	(36)	4,968	48,381	24,385	23,997	50	34,714
66220 - Permits/Certificates/Lic	4,581	33,739	(29,158)	(636)	10,844	149,136	141,779	7,356	5	105,446
66260 - Recruiting	1,620	66,916	(65,296)	(4,031)	1,734	12,970	74,587	(61,617)	(475)	12,377
66280 - Seminars & Training	18,955	29,764	(10,810)	(57)	42,227	278,559	232,323	46,236	17	268,294
66290 - Transportation	12,673	11,098	1,576	12	11,129	106,003	93,468	12,535	12	94,981
66299 - OH Contra	(2,898)	(6,775)	3,877	134	(3,065)	(37,058)	(23,718)	(13,340)	(36)	(18,045)
66305 - Travel-Employee Developm	15,470	22,466	(6,996)	(45)	21,348	171,098	160,955	10,143	6	166,460
66310 - Tuition	5,000	0	5,000	100	0	40,000	17,623	22,377	56	29,249
66320 - Uniforms	4,583	5,517	(934)	(20)	6,121	48,316	30,781	17,535	36	40,415
<b>Total Employee Development and Suppo</b>	<b>70,077</b>	<b>171,857</b>	<b>(101,780)</b>	<b>(145)</b>	<b>95,926</b>	<b>877,906</b>	<b>802,350</b>	<b>75,556</b>	<b>9</b>	<b>751,711</b>
<b>Business Development</b>										
66100 - Advertising	108,805	63,537	45,268	42	22,393	669,364	525,604	143,760	21	152,716
66110 - Allowance for Bad Debts	0	0	0	0	0	5,000	(3,910)	8,910	178	123,521
66200 - Memberships & Dues	18,957	43,295	(24,338)	(128)	20,482	225,248	265,046	(39,798)	(18)	219,581
66230 - Postage & Shipping	2,765	459	2,306	83	(2,976)	20,512	10,414	10,099	49	10,488
66240 - Promotional Activities	50,497	72,074	(21,577)	(43)	76,567	492,656	372,539	120,117	24	384,756
66250 - Promotional Materials	1,563	8,427	(6,863)	(439)	(13,220)	54,641	65,390	(10,750)	(20)	223,726
66300 - Travel-Business Developm	14,017	12,658	1,359	10	51,289	128,624	134,584	(5,960)	(5)	113,580
<b>Total Business Development</b>	<b>196,604</b>	<b>200,450</b>	<b>(3,846)</b>	<b>(2)</b>	<b>154,535</b>	<b>1,596,045</b>	<b>1,369,668</b>	<b>226,377</b>	<b>14</b>	<b>1,228,369</b>

**San Diego County Regional Airport Authority**  
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(Unaudited)

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	Month to Date					Year to Date				
	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
<b>Equipment Rentals and Repairs</b>										
66140 - Computer Licenses & Agre	\$9,425	\$97,640	\$(88,215)	(936)	\$(5,744)	\$294,512	\$272,352	\$22,160	8	\$153,064
66150 - Equipment Rental/Leasing	17,591	12,523	5,067	29	16,609	188,286	170,846	17,439	9	183,827
66160 - Tenant Improvements	100,000	79,422	20,578	21	39,494	635,000	347,117	287,883	45	329,833
66270 - Repairs - Office Equipme	173,481	112,494	60,987	35	246,526	1,549,078	1,424,181	124,897	8	1,268,181
66279 - OH Contra	0	(53,343)	53,343	0	6,467	(172,536)	(149,371)	(23,165)	(13)	(110,348)
<b>Total Equipment Rentals and Repairs</b>	<b>300,497</b>	<b>248,736</b>	<b>51,761</b>	<b>17</b>	<b>303,353</b>	<b>2,494,341</b>	<b>2,065,125</b>	<b>429,216</b>	<b>17</b>	<b>1,824,557</b>
<b>Total Non-Personnel Expenses</b>	<b>9,598,771</b>	<b>9,113,335</b>	<b>485,436</b>	<b>5</b>	<b>9,272,958</b>	<b>78,911,575</b>	<b>75,415,842</b>	<b>3,495,732</b>	<b>4</b>	<b>69,809,378</b>
<b>Total Departmental Expenses before</b>	<b>13,200,486</b>	<b>12,535,563</b>	<b>664,923</b>	<b>5</b>	<b>12,726,823</b>	<b>108,120,189</b>	<b>103,382,518</b>	<b>4,737,671</b>	<b>4</b>	<b>97,422,070</b>
<b>Depreciation and Amortization</b>										
69110 - Depreciation Expense	7,644,202	7,644,202	0	0	6,871,808	61,188,483	61,188,482	0	0	53,881,316
<b>Total Depreciation and Amortization</b>	<b>7,644,202</b>	<b>7,644,202</b>	<b>0</b>	<b>0</b>	<b>6,871,808</b>	<b>61,188,483</b>	<b>61,188,482</b>	<b>0</b>	<b>0</b>	<b>53,881,316</b>
<b>Non-Operating Revenue/(Expense)</b>										
<b>Passenger Facility Charges</b>										
71110 - Passenger Facility Charg	5,594,138	5,651,395	57,257	1	5,215,969	26,910,421	27,001,382	90,961	0	26,079,381
<b>Total Passenger Facility Charges</b>	<b>5,594,138</b>	<b>5,651,395</b>	<b>57,257</b>	<b>1</b>	<b>5,215,969</b>	<b>26,910,421</b>	<b>27,001,382</b>	<b>90,961</b>	<b>0</b>	<b>26,079,381</b>
<b>Customer Facility Charges</b>										
71120 - Customer facility charges (Con	3,178,381	2,897,783	(280,598)	(9)	2,631,785	23,201,428	22,714,080	(487,348)	(2)	21,826,908
<b>Total Customer Facility Charges</b>	<b>3,178,381</b>	<b>2,897,783</b>	<b>(280,598)</b>	<b>(9)</b>	<b>2,631,785</b>	<b>23,201,428</b>	<b>22,714,080</b>	<b>(487,348)</b>	<b>(2)</b>	<b>21,826,908</b>
<b>Quieter Home Program</b>										
71212 - Quieter Home - Labor	0	(893)	(893)	0	(29,015)	0	(48,487)	(48,487)	0	(226,539)
71213 - Quieter Home - Burden	0	(385)	(385)	0	(12,693)	0	(20,433)	(20,433)	0	(98,333)
71214 - Quieter Home - Overhead	0	0	0	0	763	0	(99,109)	(99,109)	0	(161,933)
71215 - Quieter Home - Material	(1,395,706)	(87,118)	1,308,588	94	(770,656)	(8,339,592)	(1,485,984)	6,853,607	82	(8,083,695)
71216 - Quieter Home Program	1,116,565	0	(1,116,565)	(100)	433,486	6,671,674	1,103,119	(5,568,555)	(83)	6,362,303
71217 - Contract Labor	0	0	0	0	(82)	0	(53)	(53)	0	(38,636)
71218 - Contractor Burden	0	0	0	0	(104)	0	(68)	(68)	0	(49,173)
71222 - Contractor Labor	0	0	0	0	(22,948)	0	0	0	0	(22,948)
71224 - Joint Studies Overhead	0	0	0	0	(2,940)	0	0	0	0	(2,962)
71225 - Joint Studies - Material	(25,000)	0	25,000	100	0	(200,000)	0	200,000	100	(61,196)
<b>Total Quieter Home Program</b>	<b>(304,141)</b>	<b>(88,396)</b>	<b>215,746</b>	<b>71</b>	<b>(404,190)</b>	<b>(1,867,918)</b>	<b>(551,017)</b>	<b>1,316,901</b>	<b>71</b>	<b>(2,383,112)</b>

**San Diego County Regional Airport Authority**  
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	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
<b>Interest Income</b>										
71310 - Interest - Investments	\$376,772	\$405,496	\$28,724	8	\$228,286	\$3,069,075	\$2,944,722	\$(124,354)	(4)	\$1,556,200
71340 - Interest - Note Receivab	150,950	150,950	0	0	163,603	1,328,108	1,328,111	3	0	1,393,620
71350 - Interest - Other	0	0	0	0	0	0	4,105	4,105	0	(858)
71360 - Interest - Bonds	0	0	0	0	0	0	0	0	0	(2,278)
71361 - Interest Income - 2010 Bonds	0	45,581	45,581	0	34,789	0	352,366	352,366	0	275,509
71363 - Interest Income - 2013 Bonds	0	31,354	31,354	0	37,937	0	248,142	248,142	0	277,666
71365 - Interest Income - 2014 Bond A	0	29,049	29,049	0	398,066	0	227,593	227,593	0	735,250
<b>Total Interest Income</b>	<b>527,722</b>	<b>662,429</b>	<b>134,707</b>	<b>26</b>	<b>862,681</b>	<b>4,397,183</b>	<b>5,105,039</b>	<b>707,856</b>	<b>16</b>	<b>4,235,109</b>
<b>Interest income BAB's rebate</b>										
71362 - BAB interest rebate	385,935	385,851	(84)	0	385,851	3,087,479	3,097,304	9,824	0	3,099,802
<b>Total Interest income BAB's rebate</b>	<b>385,935</b>	<b>385,851</b>	<b>(84)</b>	<b>0</b>	<b>385,851</b>	<b>3,087,479</b>	<b>3,097,304</b>	<b>9,824</b>	<b>0</b>	<b>3,099,802</b>
<b>Interest Expense</b>										
71411 - Interest Expense- 2010 Bonds	(2,559,687)	(2,559,687)	0	0	(2,595,983)	(20,477,499)	(20,477,499)	0	0	(20,767,866)
71412 - Interest Expense 2013 Bonds	(1,529,163)	(1,529,163)	0	0	(1,534,550)	(12,233,300)	(12,233,300)	0	0	(12,276,400)
71413 - Interest Expense 2014 Bond A	(1,361,768)	(1,361,768)	0	0	(1,361,768)	(10,894,140)	(10,894,140)	0	0	(10,894,140)
71420 - Interest Expense-Variable Debt	(37,391)	(45,484)	(8,093)	(22)	(27,862)	(299,126)	(280,781)	18,346	6	(195,730)
71430 - LOC Fees - C/P	(57,491)	(20,913)	36,578	64	(25,721)	(292,908)	(208,136)	84,772	29	(216,472)
71450 - Trustee Fee Bonds	(6,933)	(2,436)	4,497	65	(4,270)	(20,800)	(12,786)	8,014	39	(10,320)
71451 - Program Fees - Variable Debt	0	0	0	0	0	(5,000)	0	5,000	100	(3,300)
71458 - Capitalized Interest	0	452,410	452,410	0	462,092	0	3,644,716	3,644,716	0	5,256,880
71460 - Interest Expense - Other	0	0	0	0	(15,000)	0	(15,000)	(15,000)	0	(16,000)
71461 - Interest Expense - Cap Leases	(67,232)	(55,837)	11,395	17	(57,341)	(347,365)	(450,298)	(102,934)	(30)	(462,019)
<b>Total Interest Expense</b>	<b>(5,619,664)</b>	<b>(5,122,877)</b>	<b>496,787</b>	<b>9</b>	<b>(5,160,402)</b>	<b>(44,570,138)</b>	<b>(40,927,224)</b>	<b>3,642,914</b>	<b>8</b>	<b>(39,585,367)</b>
<b>Amortization</b>										
69210 - Amortization - Premium	345,145	345,145	0	0	352,694	2,778,985	2,778,985	0	0	2,838,667
<b>Total Amortization</b>	<b>345,145</b>	<b>345,145</b>	<b>0</b>	<b>0</b>	<b>352,694</b>	<b>2,778,985</b>	<b>2,778,985</b>	<b>0</b>	<b>0</b>	<b>2,838,667</b>



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	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
<b>Other Non-Operating Income (Expense)</b>										
71510 - Legal Settlement Income	\$0	\$0	\$0	0	\$0	\$0	\$0	\$0	0	\$2,535
71520 - Fixed Asset Disposal-Pro	0	0	0	0	1,513	0	0	0	0	1,144,086
71530 - Gain/Loss On Investments	0	167,486	167,486	0	723,180	0	(2,055,000)	(2,055,000)	0	81,909
71540 - Discounts Earned	0	3,690	3,690	0	517	0	14,683	14,683	0	12,366
71610 - Legal Settlement Expense	(833)	(9,500)	(8,667)	(1,040)	0	(6,664)	(9,500)	(2,836)	(43)	(374,632)
71620 - Other non-operating revenue (e	0	5,593	5,593	0	25	0	85,870	85,870	0	42,125
71630 - Other Non-Operating Expe	0	0	0	0	0	0	2,000	2,000	0	0
73300 - DMJM and Auth OH Clearin	0	0	0	0	0	0	0	0	0	0
<b>Total Other Non-Operating Income (Expense)</b>	<b>(833)</b>	<b>167,269</b>	<b>168,102</b>	<b>20,180</b>	<b>725,235</b>	<b>(6,664)</b>	<b>(1,961,946)</b>	<b>(1,955,282)</b>	<b>(29,341)</b>	<b>908,389</b>
<b>Total Non-Operating Revenue/(Expense)</b>	<b>4,106,682</b>	<b>4,898,599</b>	<b>791,917</b>	<b>19</b>	<b>(4,609,623)</b>	<b>13,930,777</b>	<b>17,256,603</b>	<b>3,325,827</b>	<b>24</b>	<b>(17,019,778)</b>
<b>Capital Grant Contribution</b>										
72100 - AIP Grants	149,667	0	(149,667)	(100)	83,330	751,330	1,245,980	494,650	66	10,283,503
<b>Total Capital Grant Contribution</b>	<b>149,667</b>	<b>0</b>	<b>(149,667)</b>	<b>(100)</b>	<b>83,330</b>	<b>751,330</b>	<b>1,245,980</b>	<b>494,650</b>	<b>66</b>	<b>10,283,503</b>
<b>Total Expenses Net of Non-Operating Revenue/ (Expense)</b>	<b>16,588,338</b>	<b>15,281,166</b>	<b>1,307,173</b>	<b>8</b>	<b>14,905,677</b>	<b>154,626,564</b>	<b>146,068,417</b>	<b>8,558,147</b>	<b>6</b>	<b>124,000,104</b>
<b>Net Income/(Loss)</b>	<b>2,729,702</b>	<b>4,393,758</b>	<b>1,664,056</b>	<b>61</b>	<b>3,769,811</b>	<b>5,694,605</b>	<b>19,881,197</b>	<b>14,186,592</b>	<b>249</b>	<b>26,873,831</b>
<b>Equipment Outlay</b>										
73200 - Equipment Outlay Expendi	(24,200)	695,460	719,660	2,974	0	(998,750)	(897,564)	101,186	10	(730,608)
73299 - Capitalized Equipment Co	0	(695,460)	(695,460)	0	0	0	897,564	897,564	0	730,608
<b>Total Equipment Outlay</b>	<b>(24,200)</b>	<b>0</b>	<b>24,200</b>	<b>100</b>	<b>0</b>	<b>(998,750)</b>	<b>0</b>	<b>998,750</b>	<b>100</b>	<b>0</b>



## Review of the Unaudited Financial Statements for the Eight Months Ended February 28, 2017 and 2016

Presented by:

Scott Brickner, CPA

Vice President, Finance and Asset Management/Treasurer

Kathy Kiefer

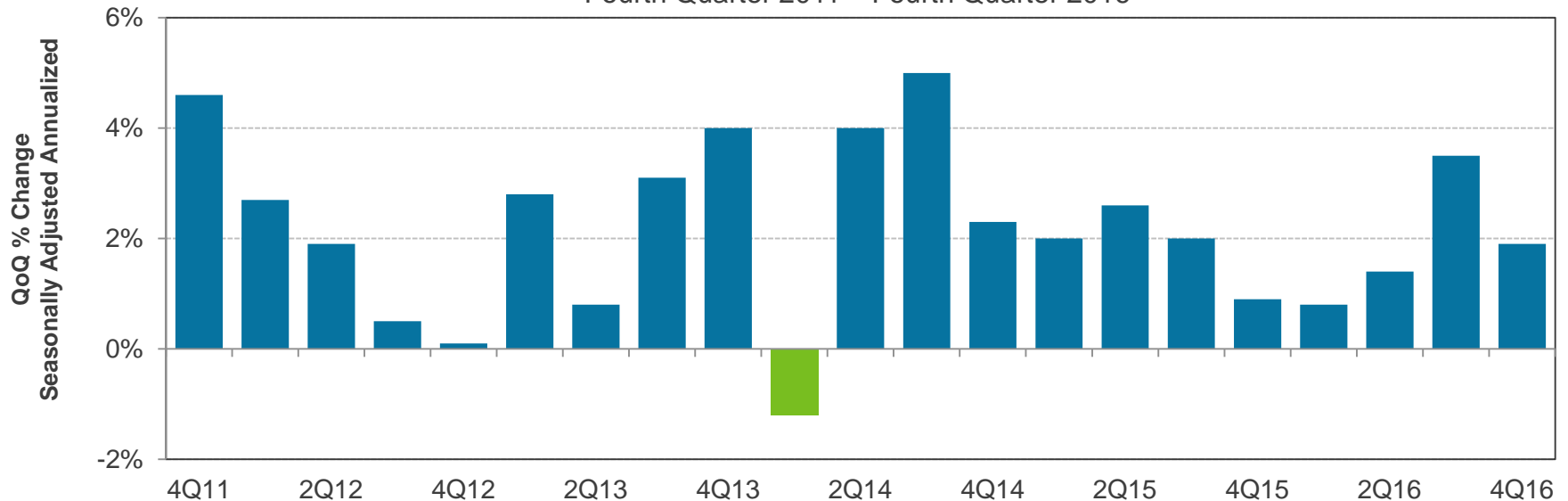
Senior Director, Finance & Asset Management

March 27, 2017

# Fourth Quarter GDP

Fourth quarter GDP increased at an annual rate of 1.9% (second estimate), which was unchanged from the advance estimate. While the headline number was unchanged, the second estimate reflected a slight upgrade in consumer spending while residential and nonresidential fixed investment rate were downgraded. Inventory growth, which contributed about half of the quarter's growth, could be a drag on future growth if they continue to build.

**U.S. Gross Domestic Product (QoQ)**  
Fourth Quarter 2011 – Fourth Quarter 2016



# Initial Claims For Unemployment

For the week ending February 25, initial claims for unemployment (seasonally adjusted) decreased by 19,000 to 223,000, which is its lowest level since March 1973. The 4-week moving average, which helps smooth out some of the weekly volatility, decreased by 6,250 to 234,250.

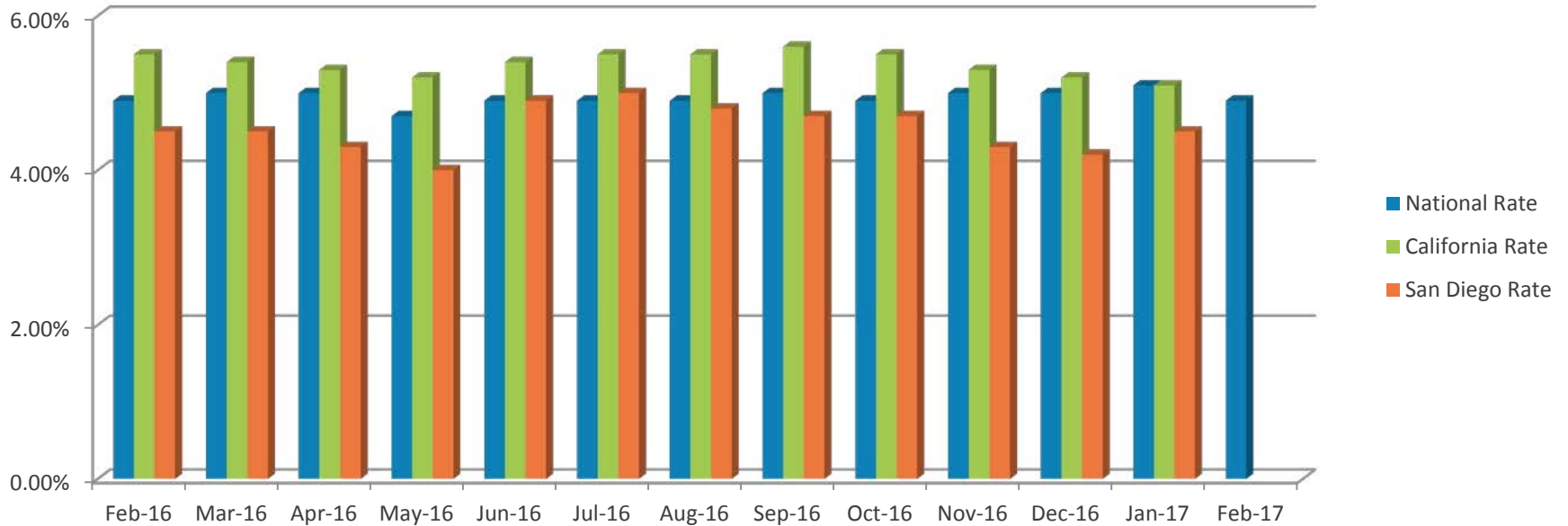
**Initial Jobless Claims and 4-Week Moving Average**  
February 2012 – February 2017



# Unemployment Rates

The National unemployment rate decreased slightly from 5.1 percent in January to 4.9 percent in February. The National U-6 rate decreased to 9.2 percent in February, down from 9.4 percent in January. (February data for California and San Diego will be released at a later date.)

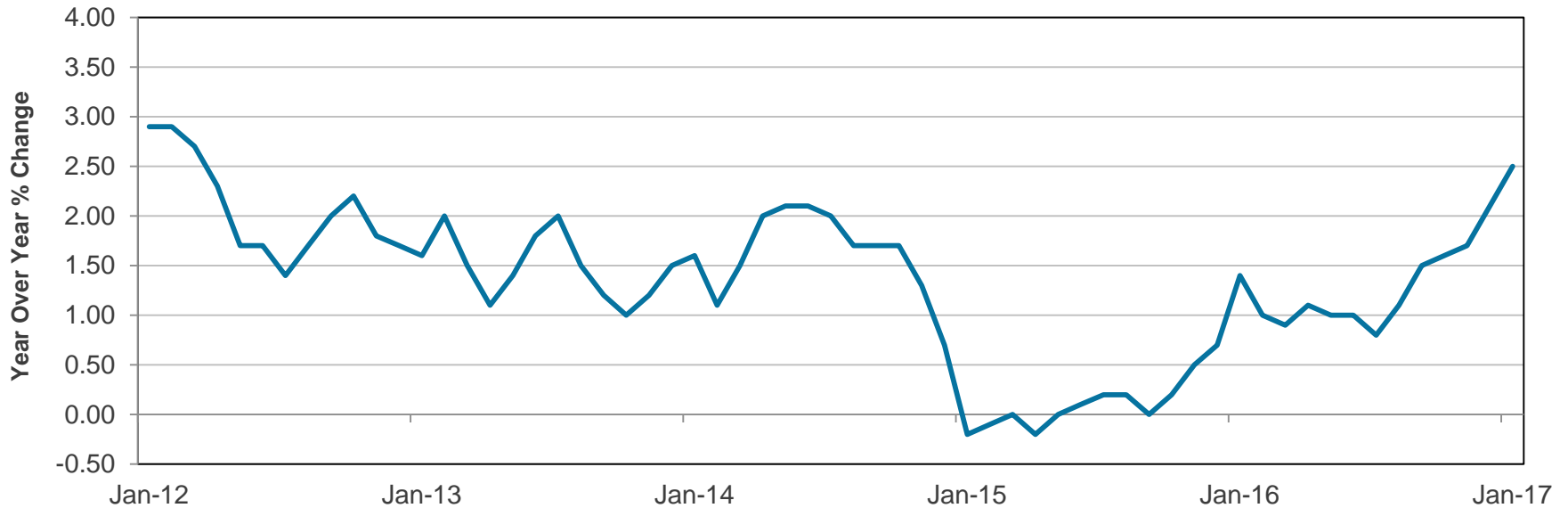
## Unemployment Rates



# Consumer Price Index

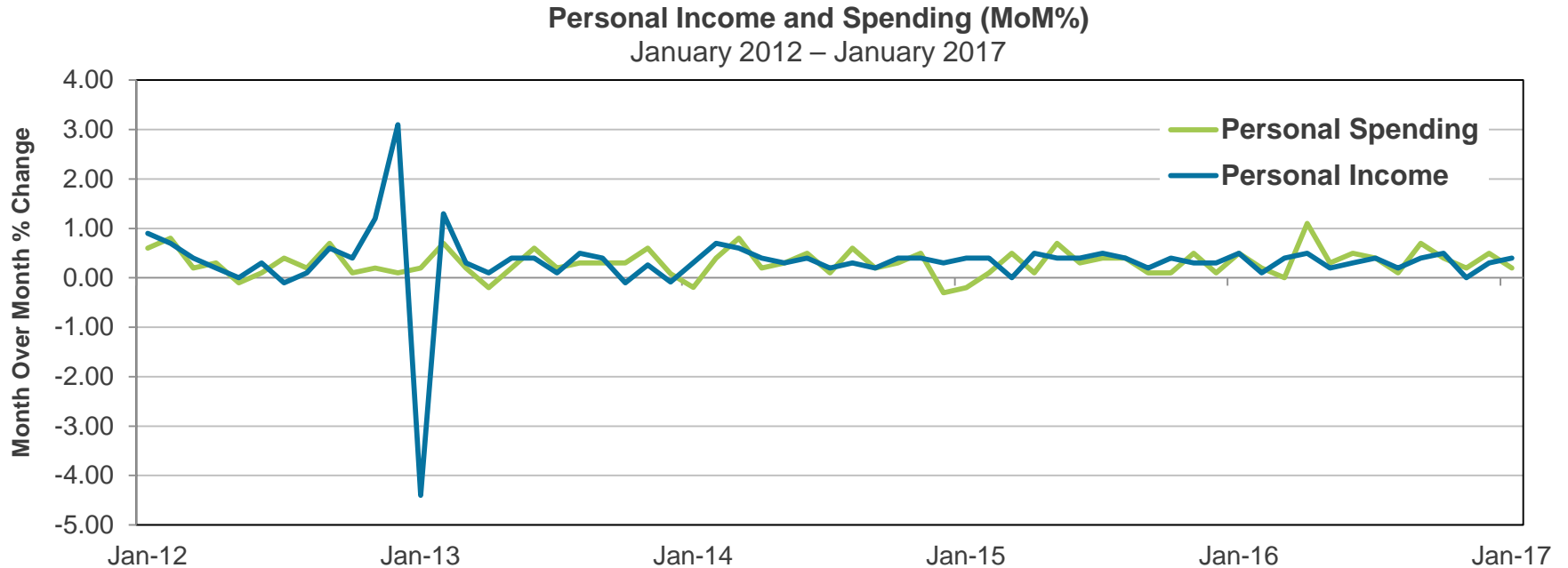
Consumer prices have trended higher since July 2016. The Consumer Price Index (CPI) for the twelve months ending January rose by 2.50%, compared to a 2.10% increase in December. Core CPI, excluding food and energy, was up 2.3% for the twelve months ending January, compared to a 2.2% increase in December.

**Consumer Price Index (YoY%)**  
January 2012 – January 2017



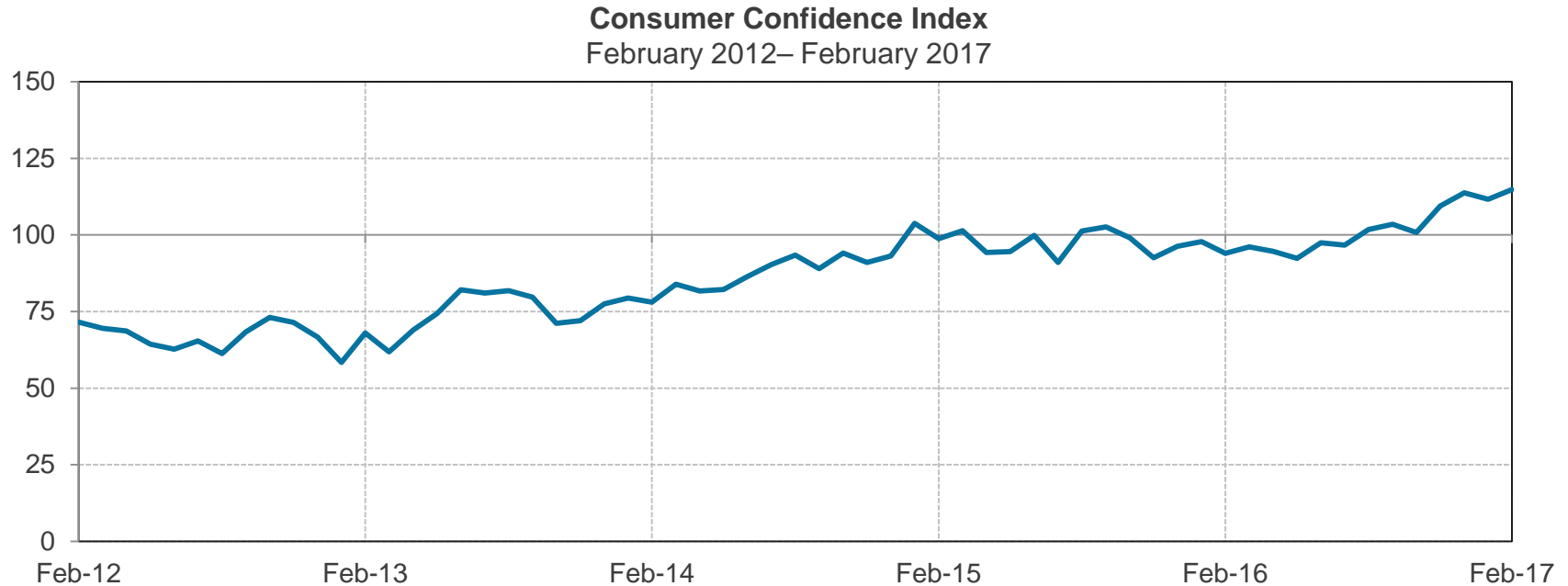
# Personal Income and Spending

The overall picture for the consumer was strong in January. Personal income experienced a 0.40% increase compared to 0.30% in December. Consumer spending increased in January by 0.20%, which was down from the 0.50% increase in December.



# Consumer Confidence Index

The Consumer Confidence Index increased to 114.8 in January, which was up 3.2 points from January's 111.6 reading, remaining a 15-year high.





# Existing Home Sales

Existing home sales increased by 3.3% in January to a seasonally adjusted rate of 5.69 million units. January's sales pace is 3.8% higher than a year ago (5.48 million units) and the strongest since February 2007 (5.79 million units). Solid job creation and low mortgage rates translated into a good year, but higher mortgage rates and home prices combined with record low inventory stunted sales in January.

**U.S. Existing Home Sales (MoM)**  
January 2007– January 2017



# New Home Sales

New homes sales increased 3.7% in January to a seasonally adjusted annualized rate of 555,000 units, which was 5.25% above the January 2016 estimate of 526,000.

**U.S. New Home Sales**  
January 2007 – January 2017

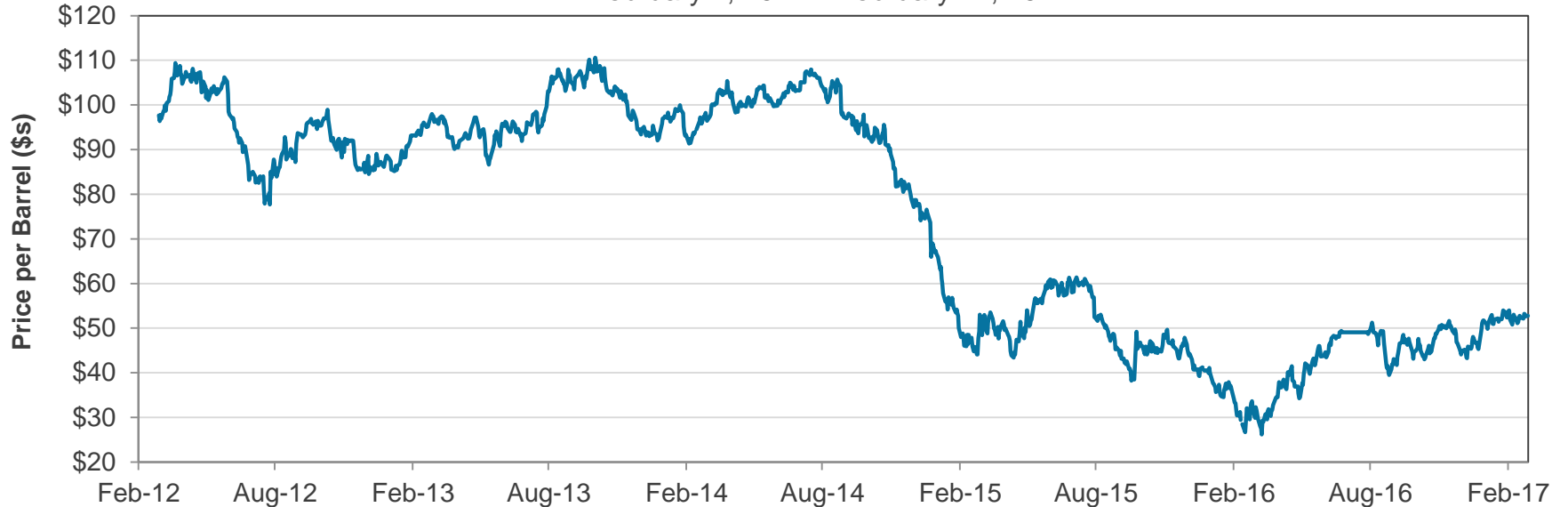


# Crude Oil Prices

Oil (WTI spot) closed at \$54.04 on February 27, which was up from its 30 day average of \$53.36. Oil has traded in a higher trading range since OPEC announced a deal to cut production, which took effect on January 1. Crude oil is now 18.6% above its 12-month average of \$45.44.

## West Texas Intermediate Oil Price Per Barrel (WTI Spot)

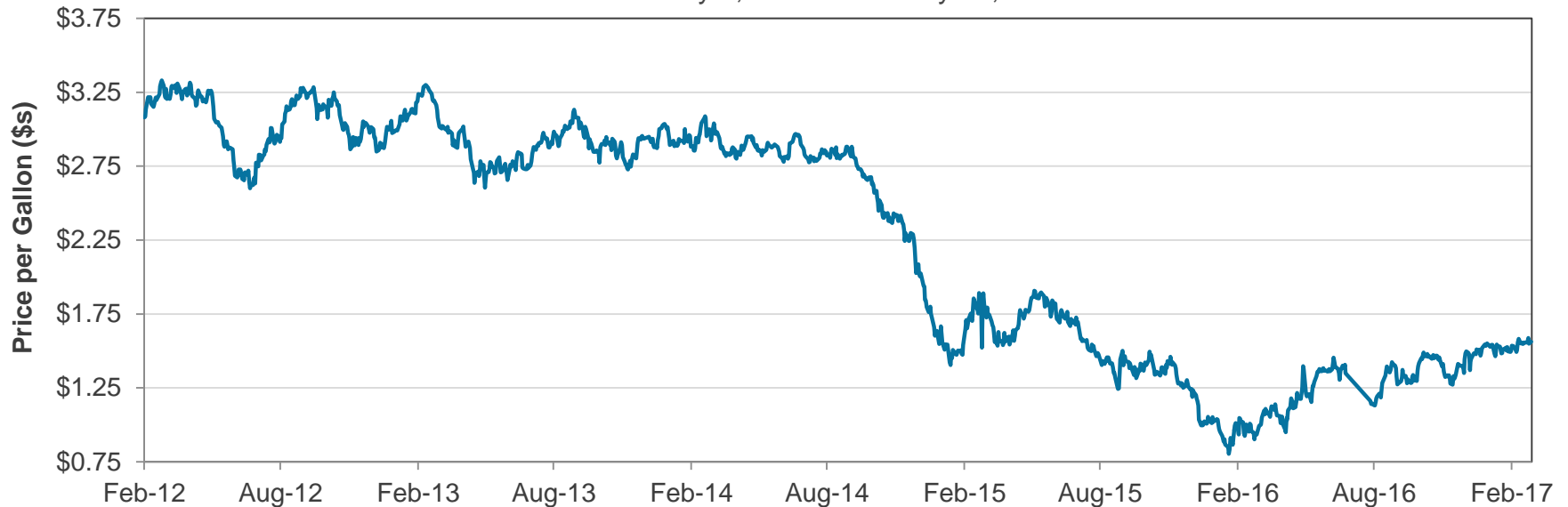
February 1, 2012 – February 27, 2017



# Jet Fuel Prices

Jet fuel has trended higher recently on higher crude oil prices. Jet fuel (U.S. Gulf Coast Spot) closed at \$1.562 on February 27, slightly higher than its 30-day average. Jet fuel is now 16.7% above its 12-month average of \$1.32.

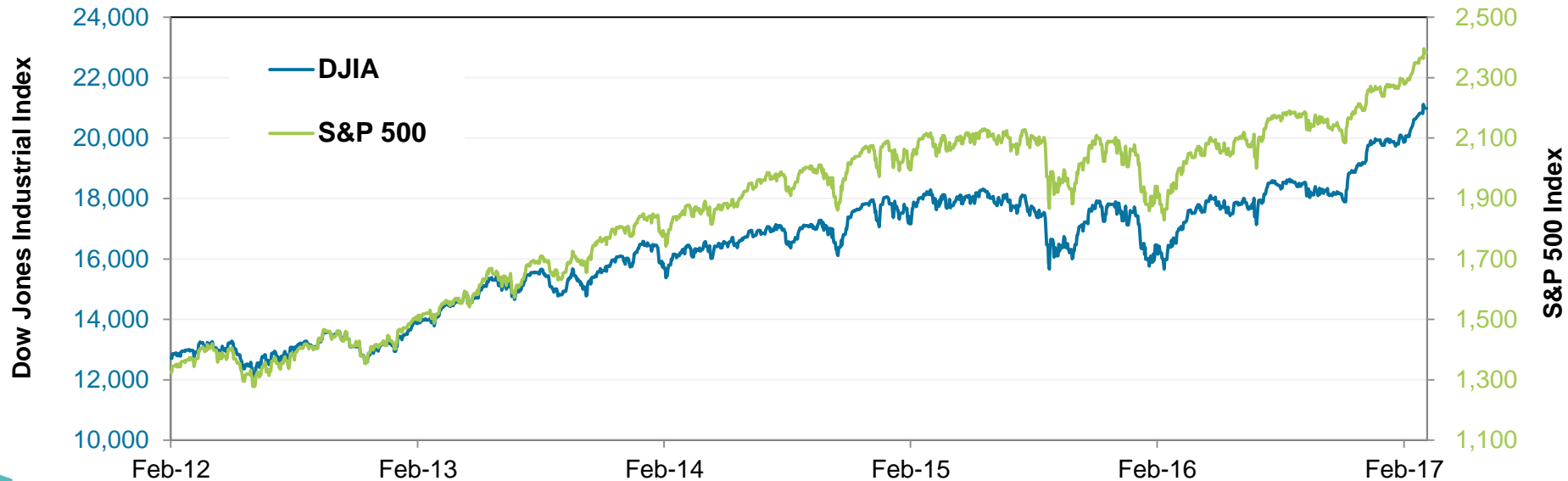
**U.S. Gulf Coast Kerosene-Type Jet Fuel Spot Price FOB**  
February 1, 2012– February 27, 2017



# U.S. Equity Markets

Equity markets trended higher in February on continued expectations that the new Administration's policies will be more pro-growth and inflationary. Year-to-date, the DJIA is up 6.03% and the S&P 500 is up 6.10%.

**Dow Jones Industrial Average (DJIA) and S&P 500 Indices**  
February 1, 2012 – March 6, 2017

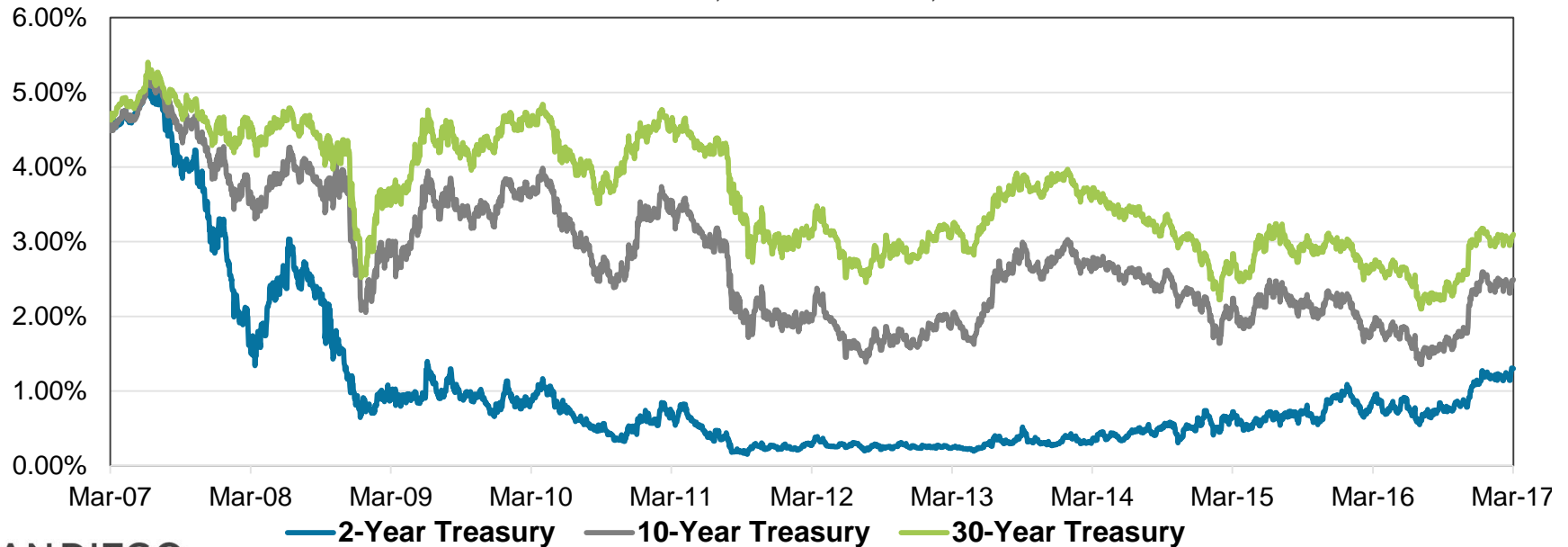


# Treasury Yield History

Longer-term Treasury yields, which rose sharply following the Presidential election, are down slightly in recent weeks as inflation expectations have subsided. However, shorter-term yields remain elevated on expectations of coming interest rate hikes.

## 2-, 10- and 30-year U.S. Treasury Yields

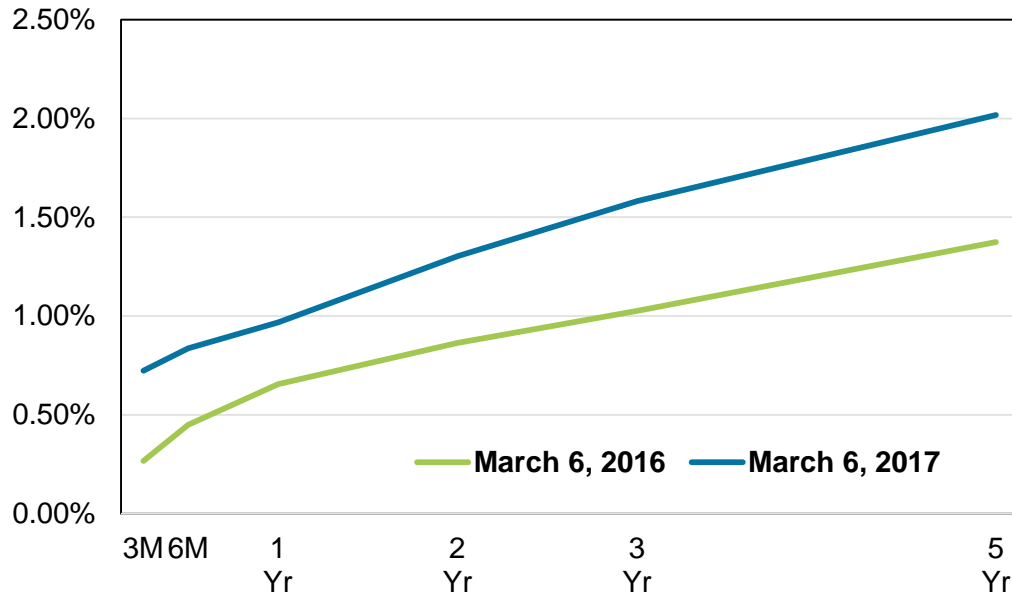
March 1, 2007 – March 6, 2017



# U.S. Treasury Yield Curve

Compared to last year, the yield curve has steepened. This can be attributed to the market's reaction to the recent Presidential election as well as the recent rate hike on better economic and inflationary data.

**U.S. Treasury Yield Curve**  
March 6, 2016 versus March 6, 2017



	3/6/16	3/6/17	Change
<b>3-Mo.</b>	0.27%	0.72%	0.46%
<b>6-Mo.</b>	0.45%	0.84%	0.39%
<b>1-Yr.</b>	0.66%	0.97%	0.31%
<b>2-Yr.</b>	0.86%	1.30%	0.44%
<b>3-Yr.</b>	1.03%	1.58%	0.55%
<b>5-Yr.</b>	1.38%	2.02%	0.64%
<b>10-Yr.</b>	1.88%	2.49%	0.61%
<b>30-Yr.</b>	2.70%	3.10%	0.40%

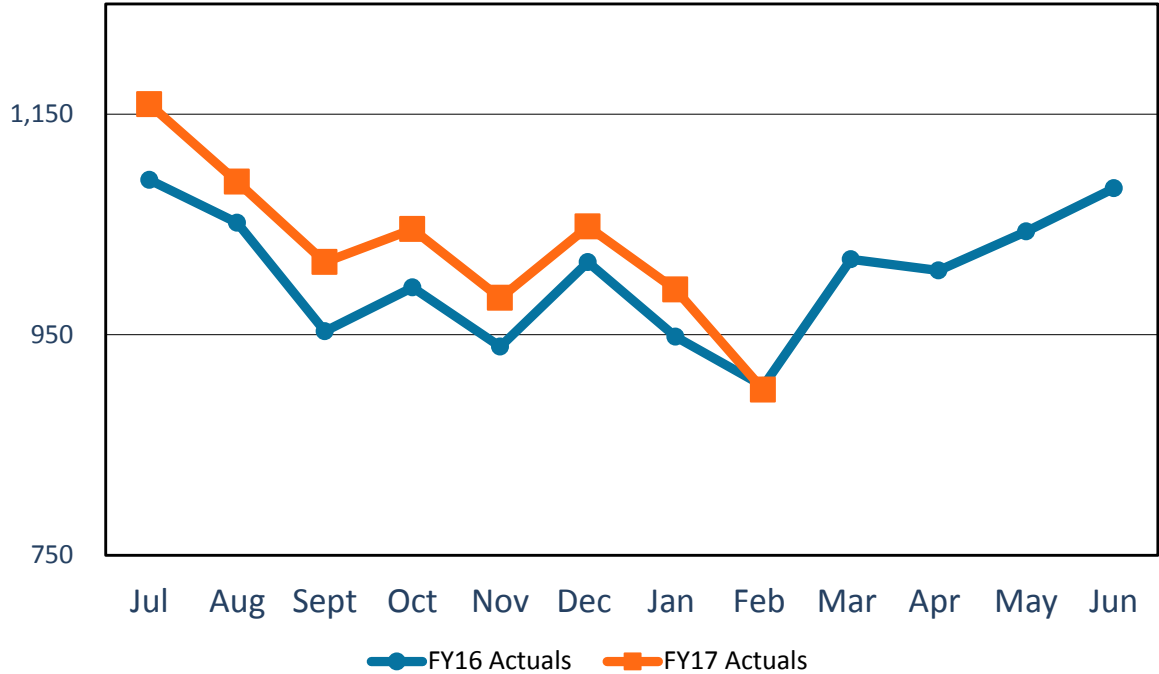


# Revenue & Expenses (Unaudited) For the Month Ended February 28, 2017 and 2016



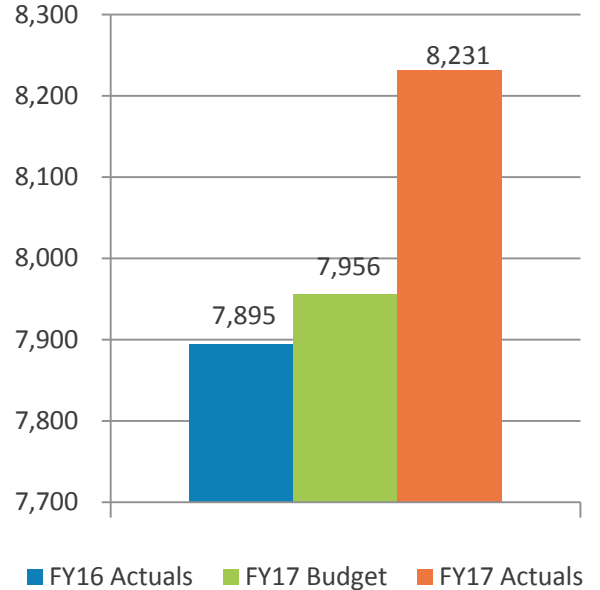
# Gross Landing Weight Units (000 lbs)

(000's)



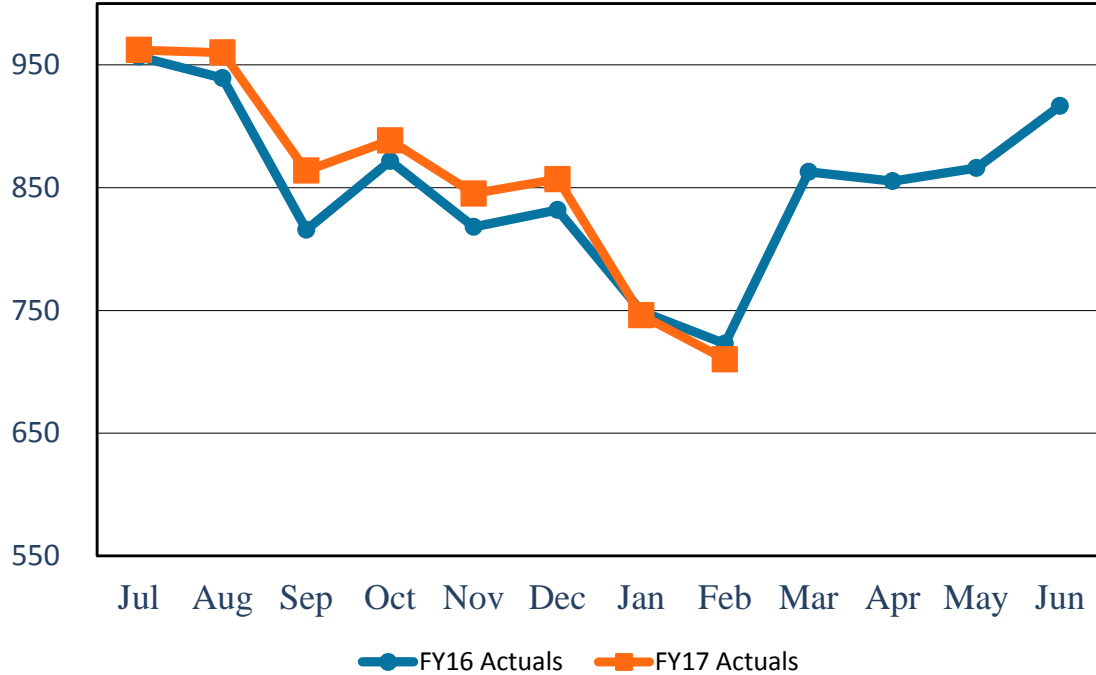
FY17 YTD Act Vs.  
FY16 YTD Act  
4.3%

FY17 YTD Act Vs.  
FY17 YTD Budget  
3.5%



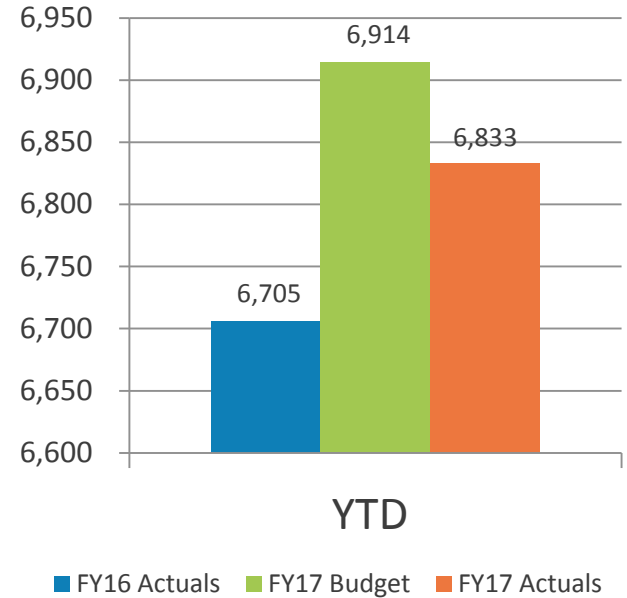
# Enplanements

(000's)

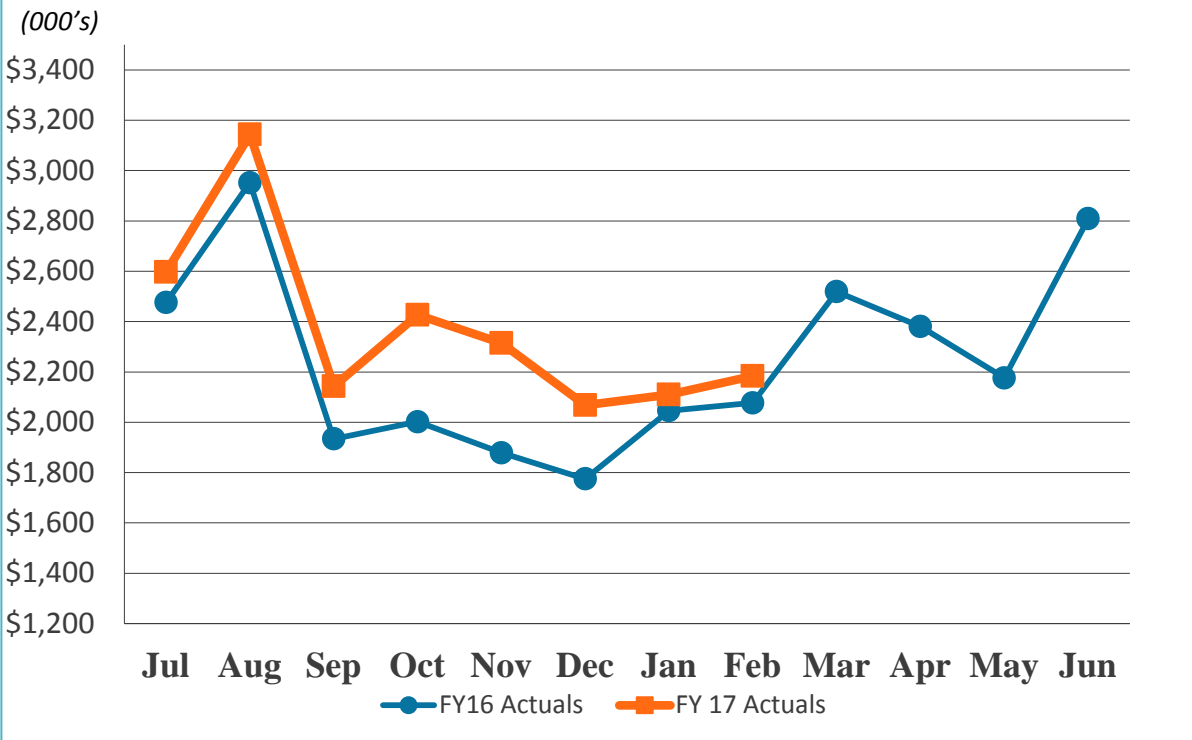


FY17 YTD Act Vs.  
FY16 YTD Act  
1.9%

FY17 YTD Act Vs.  
FY17 YTD Budget  
-1.2%

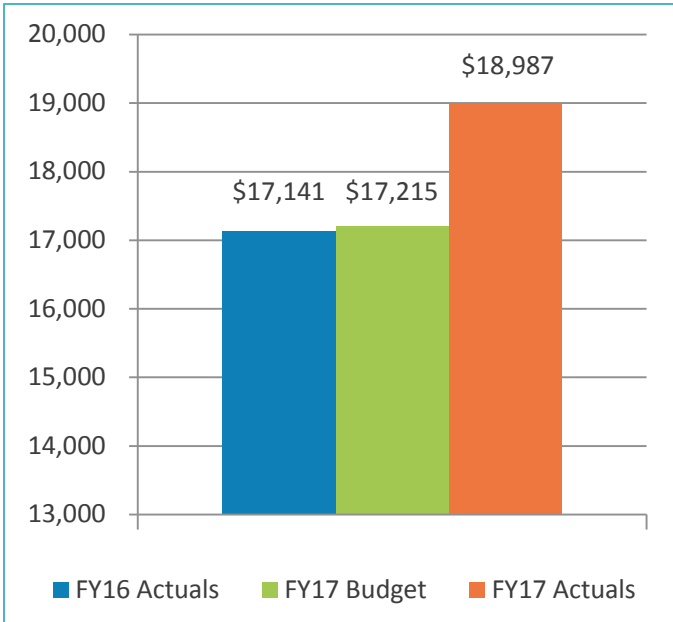


# Car Rental License Fees

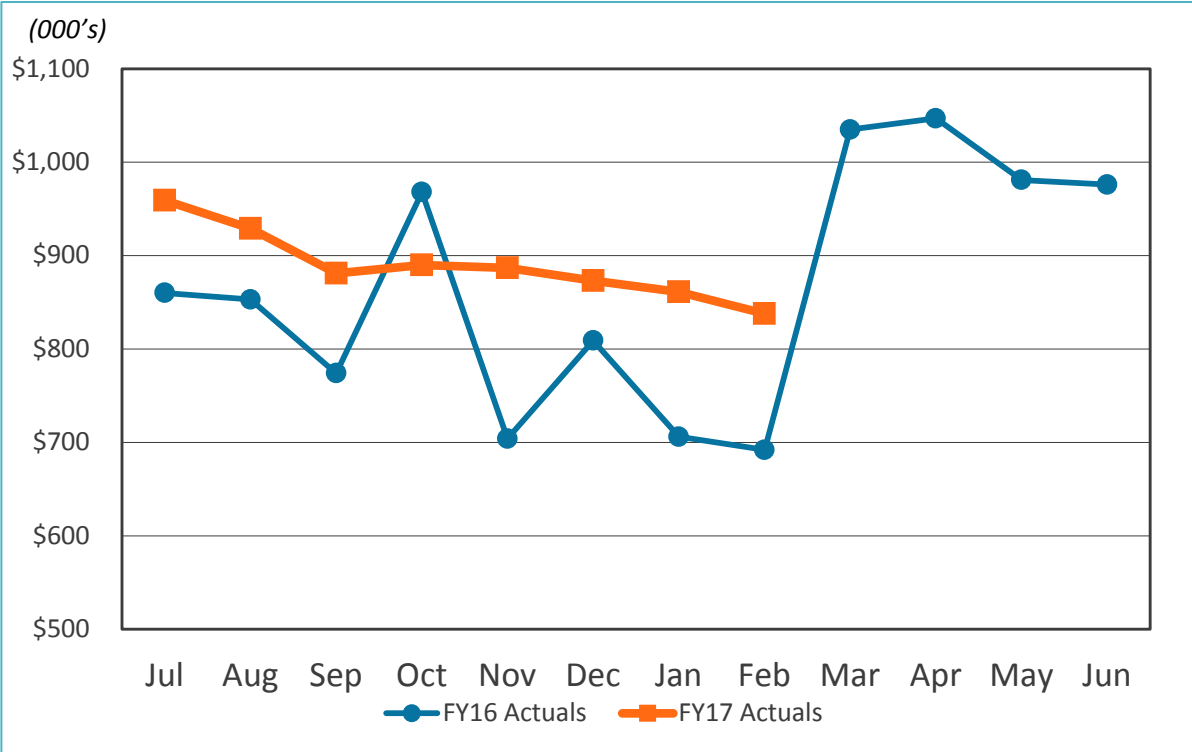


FY17 YTD Act Vs.  
FY16 YTD Act  
10.7%

FY17 YTD Act Vs.  
FY17 YTD Budget  
10.3%

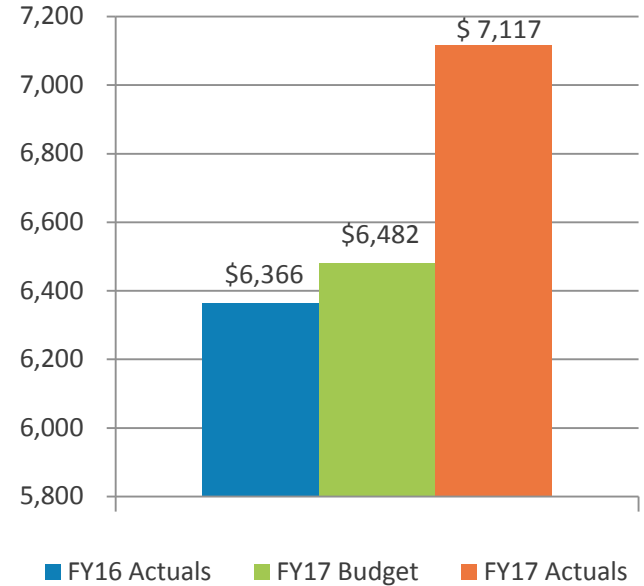


# Food and Beverage Concessions Revenue

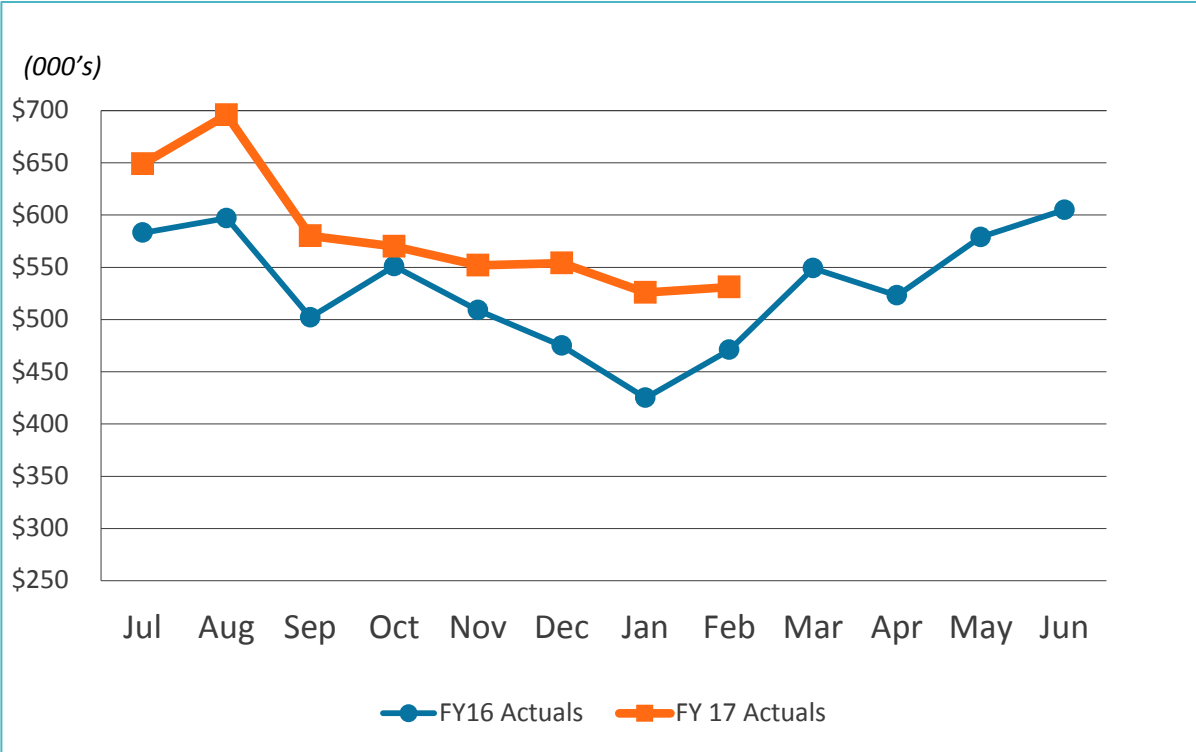


FY17 YTD Act Vs.  
FY16 YTD Act  
11.8%

FY17 YTD Act Vs.  
FY17 YTD Budget  
9.8%

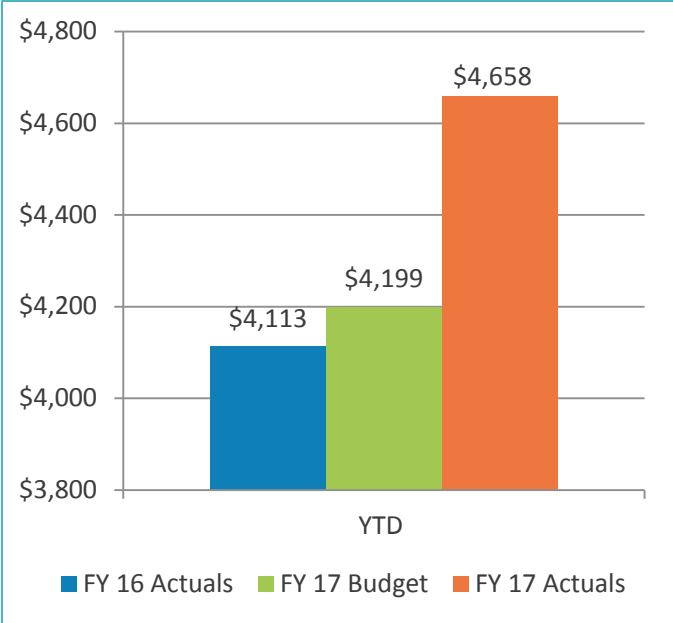


# Retail Concessions Revenue



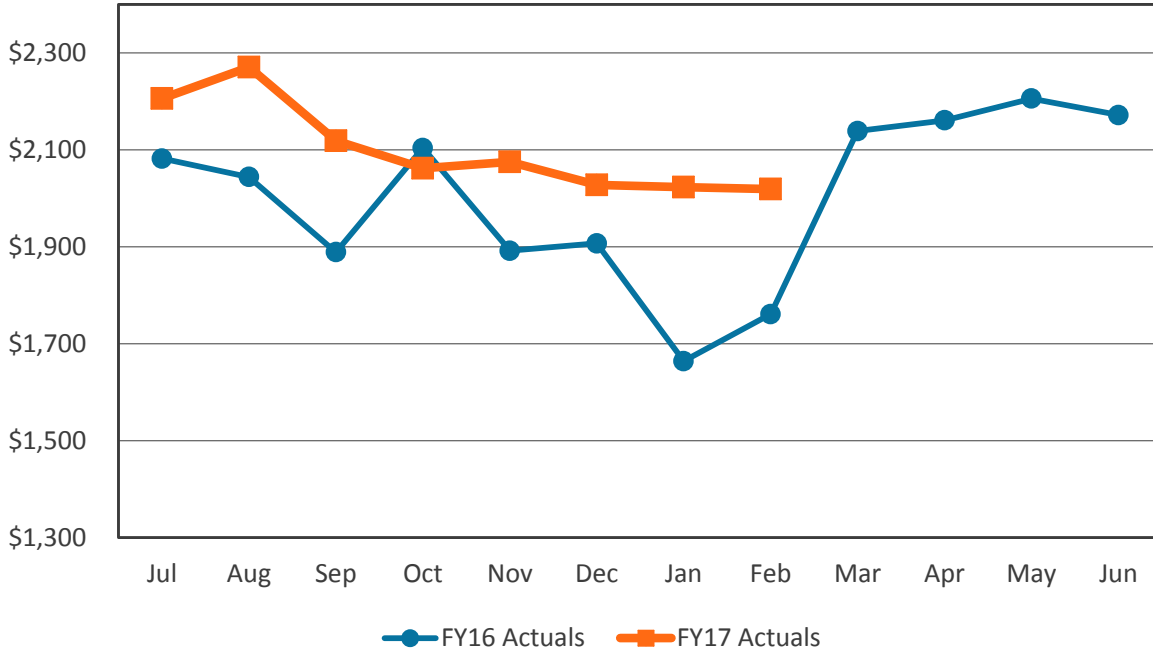
FY17 YTD Act Vs.  
FY16 YTD Act  
13.2%

FY17 YTD Act Vs.  
FY17 YTD Budget  
10.9%



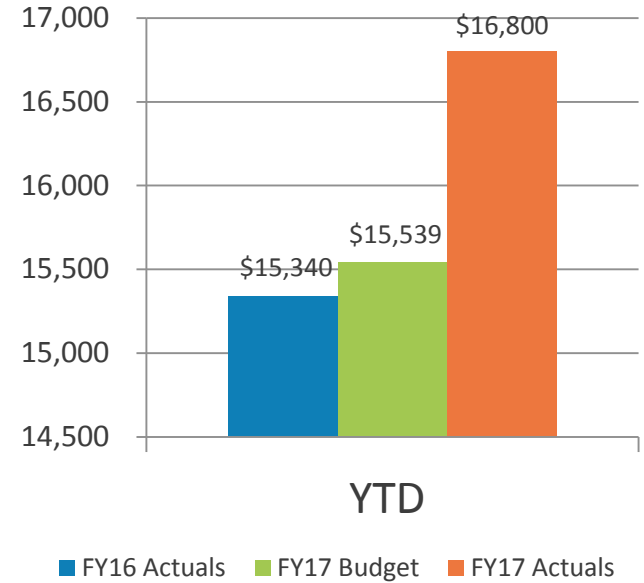
# Total Terminal Concessions (Includes Cost Recovery)

(000's)

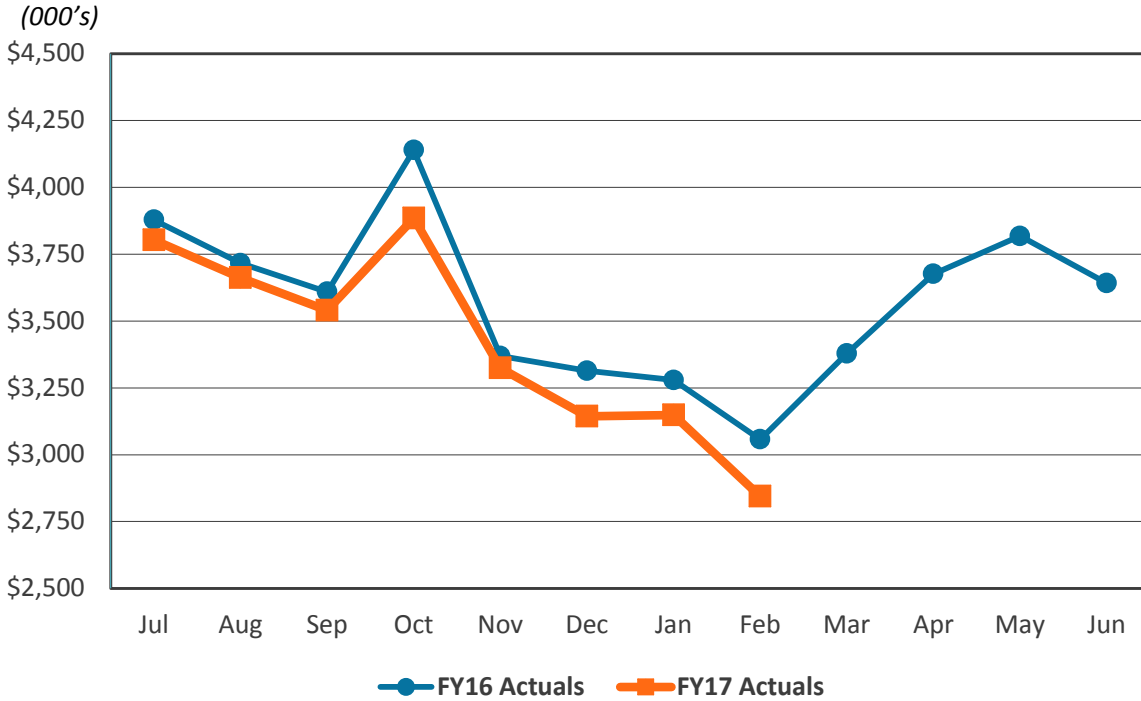


FY17 YTD Act Vs.  
FY16 YTD Act  
9.5%

FY17 YTD Act Vs.  
FY17 YTD Budget  
8.1%

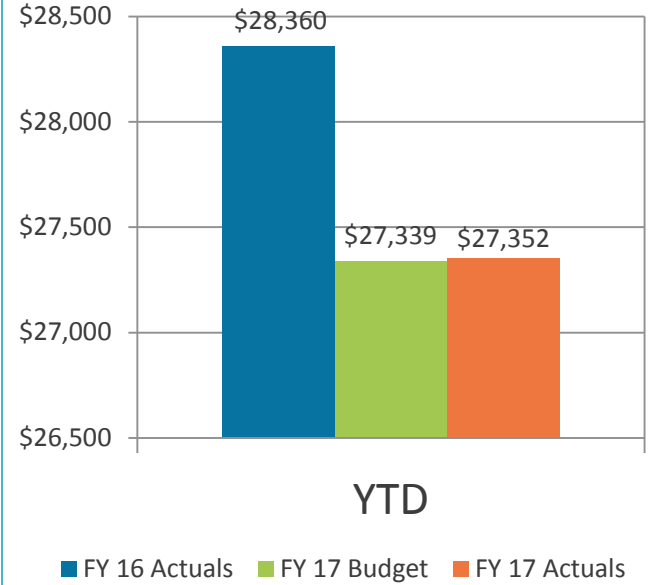


# Parking Revenue



FY17 YTD Act Vs.  
FY16 YTD Act  
-3.6%

FY17 YTD Act Vs.  
FY17 YTD Budget  
0.04%



# Operating Revenues

## for the Month Ended February 28, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Aviation revenue:</b>					
Landing fees	\$ 1,980	\$ 2,022	\$ 42	2%	\$ 1,897
Aircraft parking fees	242	242	-	-	219
Building rentals	4,573	4,604	31	1%	4,460
Security surcharge	2,488	2,487	(1)	-	2,304
CUPPS Support Charges	104	104	-	-	101
Other aviation revenue	134	134	-	-	133
<b>Total aviation revenue</b>	<b>\$ 9,521</b>	<b>\$ 9,593</b>	<b>\$ 72</b>	<b>1%</b>	<b>\$ 9,114</b>



# Operating Revenues for the Month Ended February 28, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Terminal rent non-airline</b>	\$ 103	\$ 130	\$ 27	26%	\$ 110
<b>Concession revenue:</b>					
<b>Terminal concession revenue:</b>					
Food and beverage	770	838	68	9%	692
Retail	489	531	42	9%	471
Space storage	72	73	1	1%	71
Cost recovery	262	213	(49)	(19)%	215
Other <i>(Primarily advertising)</i>	295	364	69	23%	312
<b>Total terminal concession revenue</b>	<b>1,888</b>	<b>2,019</b>	<b>131</b>	<b>7%</b>	<b>1,761</b>
<b>Car rental and license fee revenue:</b>					
Rental car and license fees	2,169	2,184	15	1%	2,077
Rental car center cost recovery	183	188	5	3%	148
License fees-other	380	384	4	1%	341
<b>Total rental car and license fees</b>	<b>2,732</b>	<b>2,756</b>	<b>24</b>	<b>1%</b>	<b>2,566</b>
<b>Total concession revenue</b>	<b>\$ 4,620</b>	<b>\$ 4,775</b>	<b>\$ 155</b>	<b>3%</b>	<b>\$ 4,327</b>

# Operating Revenues for the Month Ended February 28, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Parking revenue:</b>					
Short-term parking revenue	\$ 1,737	\$ 1,693	\$ (44)	(3)%	\$ 1,960
Long-term parking revenue	1,282	1,152	(130)	(10)%	1,097
<b>Total parking revenue</b>	<b>3,019</b>	<b>2,845</b>	<b>(174)</b>	<b>(6)%</b>	<b>3,057</b>
Ground transportation permits and citations	428	545	117	27%	394
Ground rentals	1,549	1,535	(14)	(1)%	1,529
Grant reimbursements	17	22	5	29%	23
Other operating revenue	63	231	168	267%	120
<b>Subtotal</b>	<b>5,076</b>	<b>5,178</b>	<b>102</b>	<b>2%</b>	<b>5,123</b>
<b>Total operating revenues</b>	<b>\$ 19,320</b>	<b>\$ 19,676</b>	<b>\$ 356</b>	<b>2%</b>	<b>\$ 18,674</b>

# Operating Expenses for the Month Ended February 28, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Operating expenses:</b>					
Salaries and benefits	\$ 3,602	\$ 3,422	\$ 180	5%	\$ 3,454
Contractual services	3,762	3,412	350	9%	3,504
Safety and security	2,323	2,245	78	3%	2,260
Space rental	849	849	-	-	868
Utilities	901	598	303	34%	895
Maintenance	1,059	1,191	(132)	(12)%	1,031
Equipment and systems	21	57	(36)	(171)%	50
Materials and supplies	38	62	(24)	(63)%	32
Insurance	77	79	(2)	(3)%	79
Employee development and support	70	172	(102)	(146)%	96
Business development	197	200	(3)	(2)%	155
Equipment rental and repairs	300	249	51	17%	303
<b>Total operating expenses</b>	<b>\$ 13,199</b>	<b>\$ 12,536</b>	<b>\$ 663</b>	<b>5%</b>	<b>\$ 12,727</b>

# Financial Summary

## for the Month Ended February 28, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 19,320	\$ 19,676	\$ 356	2%	\$ 18,674
Total operating expenses	13,199	12,536	663	5%	12,727
<b>Income from operations</b>	<b>6,121</b>	<b>7,140</b>	<b>1,019</b>	<b>17%</b>	<b>5,947</b>
Depreciation	7,644	7,644	-	-	6,872
<b>Operating income (loss)</b>	<b>\$ (1,523)</b>	<b>\$ (504)</b>	<b>\$ 1,019</b>	<b>67%</b>	<b>\$ (925)</b>

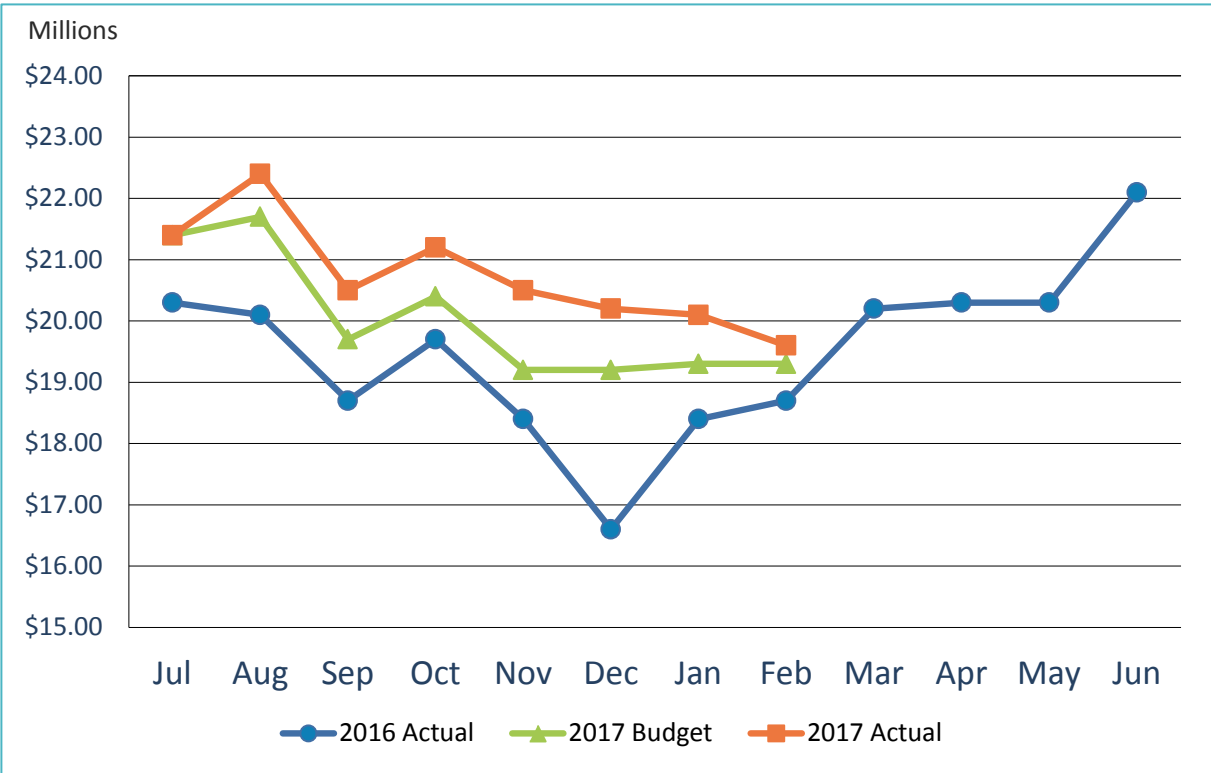
# Nonoperating Revenues & Expenses for the Month Ended February 28, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Nonoperating revenues (expenses):</b>					
Passenger facility charges	\$ 5,594	\$ 5,651	\$ 57	1%	\$ 5,216
Customer facility charges (Rental Car Center)	3,178	2,898	(280)	(9)%	2,632
Quieter Home Program, net	(304)	(88)	216	71%	(404)
Interest income	528	662	134	25%	863
BAB interest rebate	386	386	-	-	386
Interest expense & debt issuance costs	(5,620)	(5,123)	497	9%	(5,160)
Bond amortization	345	345	-	-	353
Other nonoperating revenue (expenses)	(1)	167	168	-	725
<b>Nonoperating revenue, net</b>	<b>4,106</b>	<b>4,898</b>	<b>792</b>	<b>19%</b>	<b>4,611</b>
<b>Change in net position before grant contributions</b>	<b>2,583</b>	<b>4,394</b>	<b>1,811</b>		<b>3,686</b>
Capital grant contributions	150	-	(150)	(100)%	83
<b>Change in net position</b>	<b>\$ 2,733</b>	<b>\$ 4,394</b>	<b>\$ 1,661</b>	<b>61%</b>	<b>\$ 3,769</b>



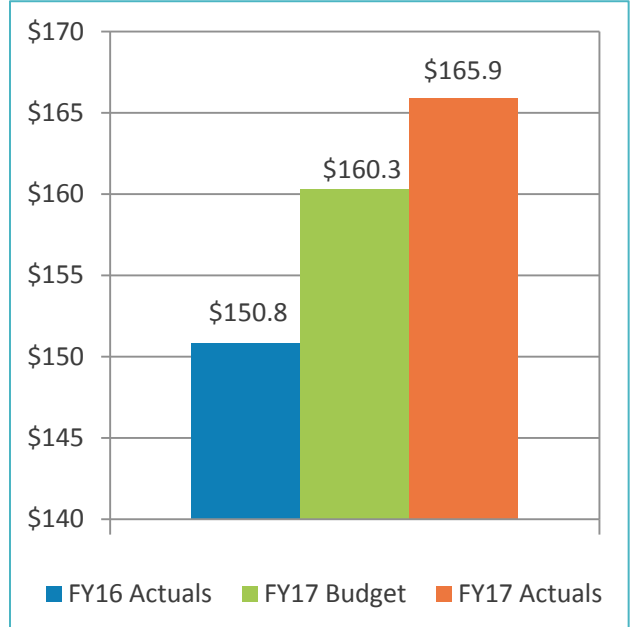
**Revenue & Expense  
(Unaudited)  
For the Eight Months Ended  
February 28, 2017 and 2016**

# Operating Revenue (Unaudited)



FY17 YTD Act Vs.  
FY16 YTD Act  
10.0%

FY17 YTD Act Vs.  
FY17 YTD Budget  
3.5%



# Operating Revenues

## for the Eight Months Ended February 28, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
				Change	
<b>Aviation revenue:</b>					
Landing fees	\$ 17,476	\$ 17,968	\$ 492	3%	\$ 16,423
Aircraft parking fees	1,938	1,938	-	-	1,806
Building rentals	36,610	36,642	32	-	35,343
Security surcharge	19,905	19,879	(26)	-	17,654
CUPPS Support Charges	830	828	(2)	-	804
Other aviation revenue	1,078	1,080	2	-	1,072
<b>Total aviation revenue</b>	<b>\$ 77,837</b>	<b>\$ 78,335</b>	<b>\$ 498</b>	<b>1%</b>	<b>\$ 73,102</b>



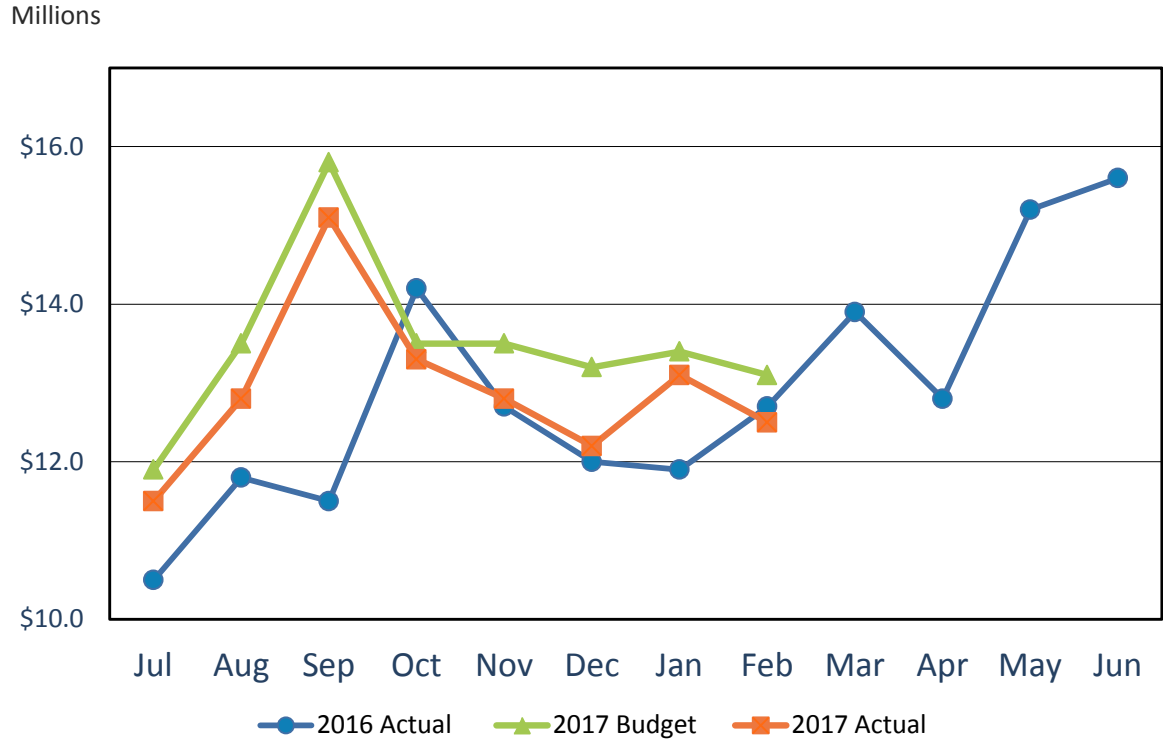
# Operating Revenues for the Eight Months Ended February 28, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Terminal rent non-airline</b>	\$ 829	\$ 1,025	\$ 196	24%	\$ 588
<b>Concession revenue:</b>					
<b>Terminal concession revenue:</b>					
Food and beverage	6,482	7,117	635	10%	6,366
Retail	4,199	4,658	459	11%	4,113
Space storage	576	581	5	1%	570
Cost recovery	1,876	1,685	(191)	(10)%	1,686
Other <i>(Primarily advertising)</i>	2,406	2,759	353	15%	2,605
<b>Total terminal concession revenue</b>	<b>15,539</b>	<b>16,800</b>	<b>1,261</b>	<b>8%</b>	<b>15,340</b>
<b>Car rental and license fee revenue:</b>					
Rental car license fees	17,215	18,987	1,772	10%	17,141
Rental car center cost recovery	1,463	1,466	3	-	200
License fees-other	2,857	3,185	328	11%	2,890
<b>Total rental car and license fees</b>	<b>21,535</b>	<b>23,638</b>	<b>2,103</b>	<b>10%</b>	<b>20,231</b>
<b>Total concession revenue</b>	<b>\$ 37,074</b>	<b>\$ 40,438</b>	<b>\$ 3,364</b>	<b>9%</b>	<b>\$ 35,571</b>

# Operating Revenues for the Eight Months Ended February 28, 2017 (Unaudited)

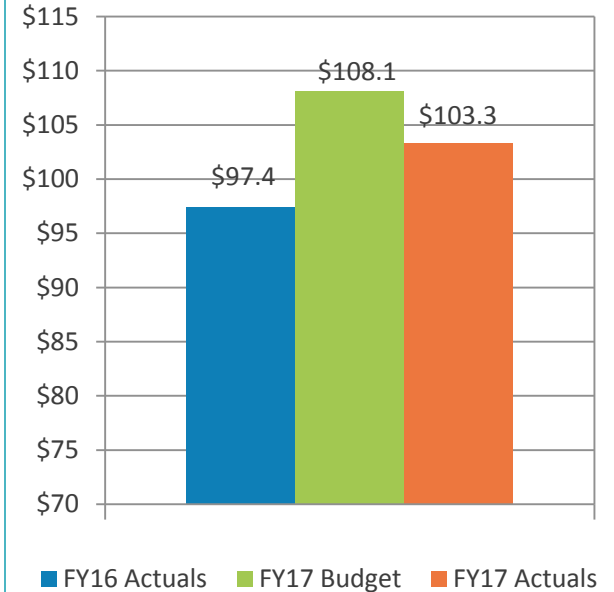
(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
<b>Parking revenue:</b>					
Short-term parking revenue	\$ 16,234	\$ 15,540	\$ (694)	(4)%	\$ 17,692
Long-term parking revenue	11,105	11,812	707	6%	10,668
<b>Total parking revenue</b>	<b>27,339</b>	<b>27,352</b>	<b>13</b>	<b>-</b>	<b>28,360</b>
Ground transportation permits and citations	4,205	5,204	999	24%	3,540
Ground rentals	12,389	12,330	(59)	-	8,956
Grant reimbursements	146	194	48	33%	195
Other operating revenue	502	1,071	569	113%	562
<b>Subtotal</b>	<b>44,581</b>	<b>46,151</b>	<b>1,570</b>	<b>4%</b>	<b>41,613</b>
<b>Total operating revenues</b>	<b>\$ 160,321</b>	<b>\$ 165,949</b>	<b>\$ 5,628</b>	<b>4%</b>	<b>\$ 150,874</b>

# Operating Expenses (Unaudited)



FY17 YTD Act Vs.  
FY16 YTD Act  
-6.0%

FY17 YTD Act Vs.  
FY17 YTD Budget  
4.6%



# Operating Expenses for the Eight Months Ended February 28, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Operating expenses:</b>					
Salaries and benefits	\$ 29,209	\$ 27,967	\$ 1,242	4%	\$ 27,613
Contractual services	29,464	28,791	673	2%	24,085
Safety and security	18,620	17,815	805	4%	16,718
Space rental	6,794	6,793	1	-	6,891
Utilities	8,836	7,189	1,647	19%	7,912
Maintenance	9,103	9,325	(222)	(2)%	9,085
Equipment and systems	214	246	(32)	(15)%	357
Materials and supplies	290	378	(88)	(30)%	324
Insurance	622	642	(20)	(3)%	632
Employee development and support	878	802	76	9%	752
Business development	1,596	1,370	226	14%	1,228
Equipment rental and repairs	2,495	2,065	429	17%	1,825
<b>Total operating expenses</b>	<b>\$ 108,120</b>	<b>\$ 103,383</b>	<b>\$ 4,737</b>	<b>4%</b>	<b>\$ 97,422</b>

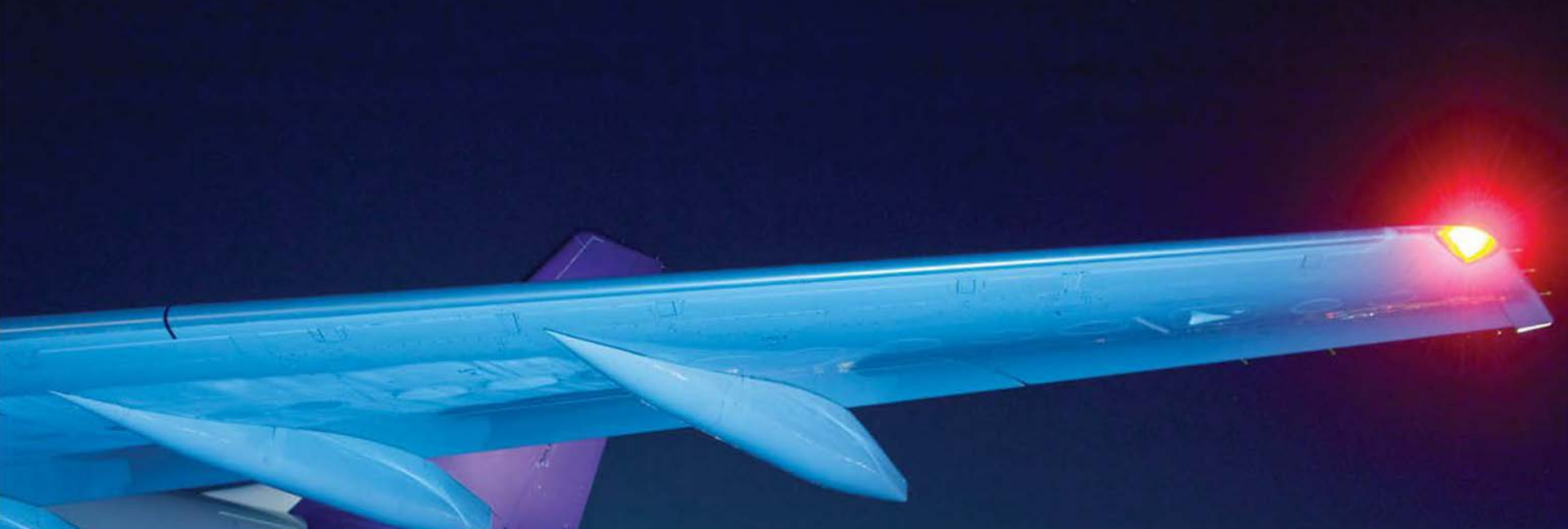
# Financial Summary

## for the Eight Months Ended February 28, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
Total operating revenues	\$ 160,321	\$ 165,949	\$ 5,628	4%	\$ 150,874
Total operating expenses	108,120	103,383	4,737	4%	97,422
<b>Income from operations</b>	<b>52,201</b>	<b>62,566</b>	<b>10,365</b>	<b>20%</b>	<b>53,452</b>
Depreciation	61,188	61,188	-	-	53,881
<b>Operating income (loss)</b>	<b>\$ (8,987)</b>	<b>\$ 1,378</b>	<b>\$ 10,365</b>	<b>115%</b>	<b>\$ (429)</b>

# Nonoperating Revenues & Expenses for the Eight Months Ended February 28, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
				Change	
<b>Nonoperating revenues (expenses):</b>					
Passenger facility charges	\$ 26,910	\$ 27,001	\$ 91	-	\$ 26,079
Customer facility charges (Rental Car Center)	23,201	22,714	(487)	(2)%	21,827
Quieter Home Program, net	(1,868)	(551)	1,317	71%	(2,383)
Interest income	4,397	5,105	708	16%	4,235
BAB interest rebate	3,087	3,097	-	-	3,100
Interest expense & debt issuance costs	(44,570)	(40,927)	3,643	8%	(39,585)
Bond amortization	2,779	2,779	-	-	2,839
Other nonoperating revenue (expenses)	(7)	(1,962)	(1,955)	-	908
<b>Nonoperating revenue, net</b>	<b>13,929</b>	<b>17,256</b>	<b>3,327</b>	<b>24%</b>	<b>17,020</b>
<b>Change in Net Position before grant contributions</b>	<b>4,942</b>	<b>18,634</b>	<b>13,692</b>	<b>277%</b>	<b>16,591</b>
Capital grant contributions	751	1,246	495	66%	10,284
<b>Change in Net Position</b>	<b>\$ 5,693</b>	<b>\$ 19,880</b>	<b>\$ 14,187</b>	<b>249%</b>	<b>\$ 26,875</b>



# Statements of Net Position (Unaudited) February 28, 2017 and 2016

# Statements of Net Position (Unaudited)

## As of February 28, 2017 and 2016

(In Thousands)

	<u>2017</u>	<u>2016</u>
<b>Current assets:</b>		
Cash and investments	\$ 76,816	\$ 59,929
Tenant lease receivable, net of allowance of 2017: (\$213,232) and 2016: (\$182,983)	7,598	6,130
Grants receivable	2,861	8,013
Notes receivable-current portion	1,705	1,609
Prepaid expenses and other current assets	7,245	7,506
<b>Total current assets</b>	<u><b>96,225</b></u>	<u><b>83,187</b></u>
 <b>Cash designated for capital projects and other</b>	 <u><b>\$ 26,454</b></u>	 <u><b>\$ 39,560</b></u>



# Statements of Net Position (Unaudited)

## As of February 28, 2017 and 2016

(In Thousands)

	<u>2017</u>	<u>2016</u>
<b>Restricted assets:</b>		
Cash and investments:		
Bonds reserve	\$ 57,872	\$ 58,681
Passenger facility charges and interest unapplied	66,920	65,427
Customer facility charges and interest applied	33,879	42,441
SBD bond guarantee	4,000	4,000
Bond proceeds held by trustee	142,551	187,817
Variable rate debt interest held by Trustee	4,590	-
Passenger facility charges receivable	7,082	4,749
Customer facility charges receivable	3,461	4,178
OCIP insurance reserve	2,698	3,772
<b>Total restricted assets</b>	<b>\$ 323,053</b>	<b>\$ 371,065</b>

# Statements of Net Position (Unaudited)

## As of February 28, 2017 and 2016

(In Thousands)

### Noncurrent assets:

#### Capital assets:

Land and land improvements

Runways, roads and parking lots

Buildings and structures

Machinery and equipment

Vehicles

Office furniture and equipment

Works of art

Construction-in-progress

Less: accumulated depreciation

**Total capital assets, net**

	<u>2017</u>	<u>2016</u>
	\$ 110,139	\$ 83,598
	590,789	590,461
	1,410,692	1,117,193
	48,941	42,849
	15,095	14,542
	33,357	32,395
	9,703	8,103
	191,248	439,483
	<u>2,409,965</u>	<u>2,328,625</u>
	(873,648)	(786,402)
	<u>\$ 1,536,317</u>	<u>\$ 1,542,223</u>

# Statements of Net Position (Unaudited)

## As of February 28, 2017 and 2016

(In Thousands)

	<u>2017</u>	<u>2016</u>
<b>Other assets:</b>		
Notes receivable - long-term portion	\$ 33,916	\$ 35,687
Investments - long-term portion	182,668	115,544
Security deposit	350	350
<b>Total other assets</b>	<u><b>216,934</b></u>	<u><b>151,581</b></u>
<b>Deferred outflows of resources:</b>		
Deferred pension contributions:	5,905	5,853
<b>Total assets and deferred outflows of resources</b>	<u><b>\$ 2,204,888</b></u>	<u><b>\$ 2,193,468</b></u>

# Statements of Net Position (Unaudited)

## As of February 28, 2017 and 2016

(In Thousands)

	<u>2017</u>	<u>2016</u>
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 30,485	\$ 48,298
Deposits and other current liabilities	8,003	7,492
<b>Total current liabilities</b>	<b><u>38,488</u></b>	<b><u>55,790</u></b>
<b>Current liabilities payable from restricted assets:</b>		
Current portion of long-term debt	11,585	11,090
Accrued interest on bonds and variable debt	10,901	10,985
<b>Total liabilities payable from restricted assets</b>	<b><u>\$ 22,486</u></b>	<b><u>\$ 22,075</u></b>

# Statements of Net Position (Unaudited)

## As of February 28, 2017 and 2016

(In Thousands)

	<u>2017</u>	<u>2016</u>
<b>Long-term liabilities:</b>		
Variable debt	\$ 56,831	\$ 38,705
Other long-term liabilities	10,330	5,951
Long-term debt - bonds net of amortized premium	1,277,392	1,293,161
<b>Total long-term liabilities</b>	<u><b>1,344,553</b></u>	<u><b>1,337,817</b></u>
<b>Total liabilities</b>	<u>1,405,527</u>	<u>1,415,682</u>
<b>Deferred inflows of resources</b>		
Deferred pension investment gains	1,807	8,168
<b>Total liabilities and deferred inflows of resources</b>	<u><b>\$ 1,407,334</b></u>	<u><b>\$ 1,423,850</b></u>

# Statements of Net Position (Unaudited)

## As of February 28, 2017 and 2016

(In Thousands)

### Net Position:

Invested in capital assets, net of related debt

Other restricted

Unrestricted:

Designated

Undesignated

**Total net position**

	<u>2017</u>	<u>2016</u>
	\$ 325,476	\$ 379,235
	175,818	182,893
	26,454	39,560
	<u>269,806</u>	<u>167,930</u>
	<u><b>\$ 797,554</b></u>	<u><b>\$ 769,618</b></u>



Questions?



# San Diego County Regional Airport Authority

## Review of the Authority's Investment Report As of February 28, 2017

Presented by: Geoff Bryant  
Manager, Airport Finance

**March 27, 2017**



This report is prepared for the San Diego County Regional Airport Authority (the "Authority") in accordance with California Government Code Section 53646, which states that "the treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency within 30 days following the end of the quarter covered by the report."

The investment report was compiled in compliance with California Government Code Section 53646 and the Authority's approved Investment Policy. All investment transactions made in the Authority's portfolio during this period were made on behalf of the Authority. Sufficient liquidity and anticipated revenue are available to meet expenditure requirements for the next six months.



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Scott Brickner, C.P.A.  
V.P. Finance & Asset Management / Treasurer  
San Diego County Regional Airport Authority

# Total Portfolio Summary

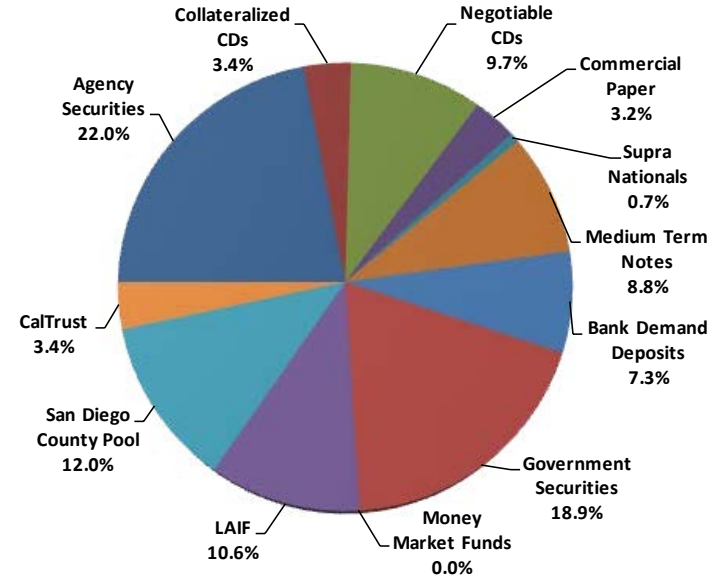
	Current Period	Prior Period	Change From
	February 28, 2017	January 31, 2017	Prior
Book Value (1)	\$452,856,000	\$450,897,000	\$1,959,000
Market Value (1)	\$452,089,000	\$449,489,000	\$2,600,000
Market Value%	99.83%	99.69%	0.14%
Unrealized Gain / (Loss)	(\$767,000)	(\$1,408,000)	\$641,000
Weighted Average Maturity (Days)	416 days	419 days	(3)
Weighted Average Yield as of Period End	1.10%	1.08%	0.02%
Cash Interest Received- Current Month	\$819,000	\$551,000	\$268,000
Cash Interest Received- Year-to-Date	\$2,939,000	\$2,120,000	\$819,000
Accrued Interest	\$509,000	\$891,000	(\$382,000)

## Notes:

(1) Increase in portfolio value is primarily due to operating receipts exceeding operating expenditures.

# Portfolio Composition by Security Type

	February 28, 2017		January 31, 2017		Permitted by Policy
	Market Value	Percent of Portfolio	Market Value	Percent of Portfolio	
Agency Securities	\$ 99,472,000	22.0%	\$ 93,404,000	20.8%	100%
Collateralized CDs	15,372,000	3.4%	15,369,000	3.4%	30%
Negotiable CDs	43,631,000	9.7%	38,583,000	8.6%	30%
Commercial Paper	14,464,000	3.2%	19,447,000	4.3%	25%
Supra Nationals	2,971,000	0.7%	2,971,000	0.7%	30%
Medium Term Notes	39,600,000	8.8%	39,549,000	8.8%	15%
Bank Demand Deposits	33,330,000	7.3%	31,504,000	6.9%	100%
Government Securities	85,396,000	18.9%	91,421,000	20.3%	100%
Money Market Funds	174,000	0.0%	255,000	0.1%	20%
LAIF	48,018,000	10.6%	47,978,000	10.7%	\$65 million <sup>(1)</sup>
San Diego County Pool	54,400,000	12.0%	53,774,000	12.0%	\$65 million <sup>(2)</sup>
CalTrust	15,261,000	3.4%	15,234,000	3.4%	\$65 million <sup>(3)</sup>
<b>Total:</b>	<b>\$ 452,089,000</b>	<b>100.0%</b>	<b>\$ 449,489,000</b>	<b>100.0%</b>	

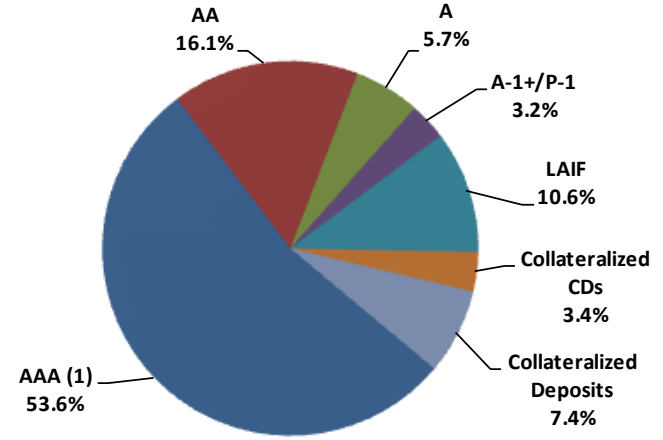


## Notes:

- 1.) The \$65 million limit on LAIF is a non-statutory LAIF internal limit. It does not apply to bond proceeds.
- 2.) The San Diego County Investment Pool mirrors the LAIF internal limit and does not apply to bond proceeds.
- 3.) The CalTrust mirrors the LAIF internal limit and does not apply to bond proceeds.

# Portfolio Composition by Credit Rating

	February 28, 2017		January 31, 2017	
	Market Value	Percent of Portfolio	Market Value	Percent of Portfolio
AAA <sup>(1)</sup>	\$ 242,412,000	53.6%	\$ 241,823,000	53.8%
AA	72,863,000	16.1%	67,771,000	15.1%
A	25,628,000	5.7%	25,596,000	5.7%
A-1+/P-1	14,464,000	3.2%	19,447,000	4.3%
LAIF	48,018,000	10.6%	47,978,000	10.7%
Collateralized CDs	15,372,000	3.4%	15,369,000	3.4%
Collateralized Deposits	33,332,000	7.4%	31,505,000	7.0%
<b>Total:</b>	<b>\$ 452,089,000</b>	<b>100.0%</b>	<b>\$ 449,489,000</b>	<b>100.0%</b>

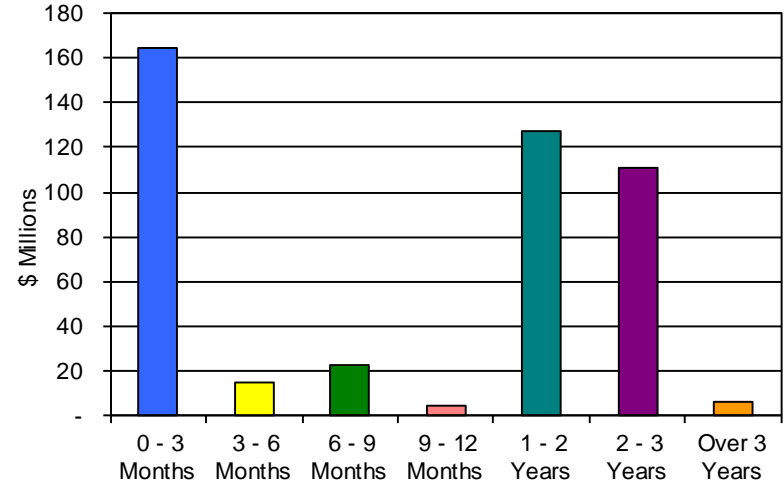


**Notes:**

1.) Includes investments that have split ratings between S&P (AA+), Moodys (AAA) and Fitch (AAA)

# Portfolio Composition by Maturity <sup>(1)</sup>

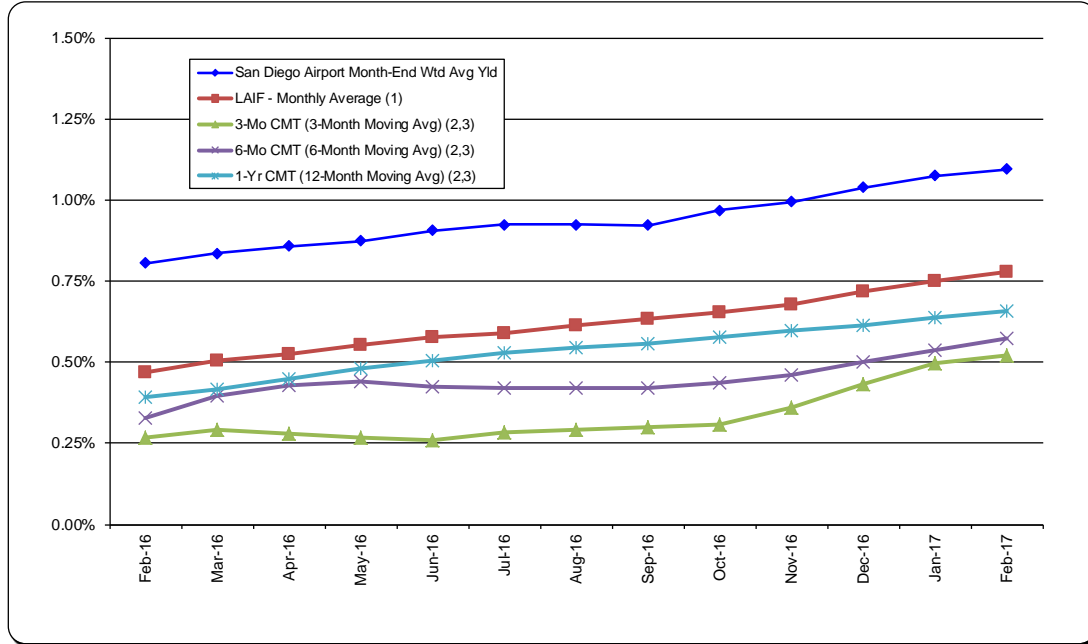
	February 28, 2017		January 31, 2017	
	Market Value	Percent of Portfolio	Market Value	Percent of Portfolio
0 - 3 Months	\$ 164,670,000	36.5%	\$ 161,237,000	36.0%
3 - 6 Months	15,316,000	3.4%	21,292,000	4.7%
6 - 9 Months	22,545,000	5.0%	9,041,000	2.0%
9 - 12 Months	5,017,000	1.1%	18,513,000	4.1%
1 - 2 Years	127,205,000	28.1%	123,205,000	27.4%
2 - 3 Years	111,290,000	24.6%	109,249,000	24.3%
Over 3 Years	6,046,000	1.3%	6,952,000	1.5%
<b>Total:</b>	<b>\$ 452,089,000</b>	<b>100.0%</b>	<b>\$ 449,489,000</b>	<b>100.0%</b>



**Notes:**

1.) The 0-3 Quarter category includes investments held in the LAIF, CalTrust, and the San Diego County Investment Pool.

# Benchmark Comparison



**Notes:**

- 1.) Benchmark data for LAIF is the average monthly effective yield.
- 2.) CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities.
- 3.) The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year CMT is the daily average for the previous 12-months.

# Detail of Security Holdings As of February 28, 2017

Settlement Date	Security Description	Coupon	Maturity Date	Par Value	Purchase Price	Book Value	Market Price	Market Value	Days to Maturity	Yield to Maturity
10/16/15	FNMA	1.125	10/19/18	5,000,000	100.550	5,027,500	99.91	4,995,650	598	0.939
08/15/16	FHLB	0.625	08/07/18	4,000,000	99.624	3,985,680	99.34	3,973,760	525	0.808
06/24/16	FNMA	0.875	03/28/18	4,450,000	100.099	4,454,406	99.88	4,444,705	393	0.818
10/21/16	FHLB	0.875	08/05/19	12,000,000	99.568	11,948,160	98.65	11,838,120	888	1.032
10/07/16	FHLB	1.000	09/26/19	10,000,000	99.727	9,972,700	98.89	9,889,100	940	1.094
06/29/16	FNMA	1.125	06/21/19	10,400,000	100.857	10,497,978	99.46	10,343,944	843	0.833
02/03/16	FNMA	1.375	01/28/19	6,000,000	100.842	6,050,520	100.19	6,011,100	699	1.088
05/16/16	FNMA	1.000	02/26/19	5,000,000	100.116	5,005,800	99.42	4,971,100	728	0.957
04/20/16	FHLB	1.125	04/15/19	8,000,000	100.319	8,020,420	99.64	7,970,960	776	1.016
12/08/16	FHLB	1.250	01/16/19	2,950,000	99.996	2,949,882	99.98	2,949,528	687	1.252
07/08/16	FHLMC	1.250	08/01/19	5,000,000	101.285	5,064,250	99.58	4,979,100	884	0.824
09/06/16	FNMA	1.000	08/28/19	13,500,000	99.836	13,477,860	98.94	13,357,170	911	1.056
02/28/17	FNMA	1.500	02/28/20	6,050,000	99.936	6,046,128	99.94	6,046,128	1095	1.522
08/02/16	FNMA	0.875	08/02/19	7,800,000	99.832	7,786,896	98.74	7,701,798	885	0.932
<b>Agency Total</b>				<b>100,150,000</b>		<b>100,288,180</b>		<b>99,472,163</b>	<b>818</b>	<b>1.014</b>
07/02/16	East West Bk CD	0.700	07/07/17	10,336,315	100.000	10,336,315	100.00	10,336,315	129	0.700
10/21/16	East West Bk CD	0.500	10/24/17	5,035,590	100.000	5,035,590	100.00	5,035,590	238	0.700
<b>Collateralized CDs Total</b>				<b>15,371,905</b>		<b>15,371,905</b>		<b>15,371,905</b>	<b>165</b>	<b>0.700</b>

# Detail of Security Holdings As of February 28, 2017

Date	Description	Coupon	Date	Par Value	Price	Book Value	Price	Value	Maturity	Maturity
09/11/14	US BK NA CINCIN C/D	1.375	09/11/17	4,000,000	100.000	3,993,560	100.22	4,008,760	195	1.430
03/09/16	US Bank CD	1.060	03/09/18	4,000,000	100.000	4,000,000	100.00	4,000,000	374	1.060
11/17/15	SKANDINAV ENSKD CD	1.480	11/16/17	4,500,000	100.000	4,500,000	100.00	4,500,000	261	1.480
02/09/17	BK OF MONTREAL YC/D	1.880	02/07/19	5,000,000	100.000	5,000,000	100.98	5,048,950	709	1.880
12/05/16	NORDEA BK FINL YC/D	1.760	11/30/18	4,000,000	100.000	4,000,000	100.80	4,031,800	640	1.760
12/05/16	CANADIAN IMP BK YC/D	1.760	11/30/18	5,000,000	99.922	4,996,100	100.80	5,039,750	640	1.800
11/18/15	HSBC BK C/D	0.954	11/17/17	4,000,000	100.000	4,000,000	100.00	4,000,000	262	0.954
03/16/16	Toronto Dominion CD	1.720	03/14/18	5,000,000	100.000	5,000,000	100.00	5,000,000	379	1.720
04/27/15	RABOBANK CD	1.070	04/21/17	4,000,000	100.000	4,000,000	100.04	4,001,560	52	1.070
03/15/16	ROYAL BK CDA Y C/D	1.700	03/09/18	4,000,000	100.000	4,000,000	100.00	4,000,000	374	1.700
<b>Negotiable CDs Total</b>				<b>43,500,000</b>		<b>43,489,660</b>		<b>43,630,820</b>	<b>400</b>	<b>1.507</b>
10/31/16	BANK OF TOKYO MITS DC/P	1.260	04/28/17	3,500,000	99.374	3,478,073	99.86	3,495,205	59	1.260
11/21/16	CREDIT AGRICOLE DC/P	1.110	05/15/17	3,000,000	99.460	2,983,813	99.80	2,994,000	76	2.260
01/09/17	BNP PARIBAS FIN DC/P	1.290	07/07/17	5,000,000	99.360	4,967,929	99.59	4,979,400	129	1.300
11/03/16	TOYOTA MTR CRED DC/P	0.980	05/02/17	3,000,000	99.505	2,985,150	99.84	2,995,050	63	3.260
<b>Commercial Paper Total</b>				<b>14,500,000</b>		<b>14,414,964</b>		<b>14,463,655</b>	<b>87</b>	<b>1.895</b>
04/21/16	INTER-AMER DEV BANK	1.000	05/13/19	3,000,000	99.714	2,991,420	99.02	2,970,540	804	1.095
<b>Supranationals</b>				<b>3,000,000</b>		<b>2,991,420</b>		<b>2,970,540</b>	<b>804</b>	<b>1.095</b>
05/12/15	APPLE INC NOTES	1.000	05/03/18	4,000,000	99.121	3,964,840	99.69	3,987,760	429	1.302
12/12/16	BK NEW YORK NTS	2.300	09/11/19	2,000,000	101.107	2,022,140	101.07	2,021,420	925	1.884
10/14/16	TOYOTA MOTOR CR CORP	2.125	07/18/19	1,000,000	101.670	1,016,700	100.80	1,007,980	870	1.505
10/14/16	TOYOTA MTR CR CORP	1.400	05/20/19	1,500,000	99.906	1,498,590	99.30	1,489,425	811	1.437
10/14/16	AMERICAN HONDA BDS	1.200	07/12/19	2,495,000	99.241	2,476,063	98.75	2,463,837	864	1.483
07/17/15	GECC MTN	1.625	04/02/18	4,950,000	105.364	4,968,018	100.31	4,965,246	398	1.487
12/28/15	JPM CHASE & CO NT	1.800	01/25/18	5,000,000	99.888	4,994,400	100.35	5,017,250	331	1.855
11/19/14	CHEVRON CORP	1.345	11/15/17	5,000,000	100.199	5,009,950	100.02	5,000,850	260	1.345
02/29/16	ISCO SYSTEMS	1.600	02/28/19	3,000,000	100.330	3,009,900	100.20	3,006,090	730	1.487
02/24/16	IBM CORP NOTES	1.800	05/17/19	3,000,000	100.119	3,003,570	100.52	3,015,600	808	1.761
06/06/16	WELLS FARGO CO MTN	2.150	01/15/19	4,600,000	101.427	4,665,642	100.81	4,637,076	686	1.589
09/14/15	AMERICAN EXPRESS MTN	1.800	07/31/18	2,980,000	99.759	2,972,818	100.24	2,987,003	518	1.886
<b>Medium Term Notes</b>				<b>39,525,000</b>		<b>39,602,631</b>		<b>39,599,537</b>	<b>558</b>	<b>1.578</b>



# Detail of Security Holdings As of February 28, 2017

Date	Description	Coupon	Date	Par Value	Price	Book Value	Price	Value	Maturity	Maturity
12/23/15	U.S. Treasury	1.500	12/31/18	15,200,000	100.516	15,295,391	100.57	15,286,032	671	1.325
01/09/17	U.S. Treasury	1.250	01/31/20	7,000,000	99.170	6,940,820	99.39	6,957,090	1067	1.530
11/13/15	U.S. Treasury	1.250	11/30/18	11,000,000	100.234	11,002,578	100.15	11,016,720	640	1.242
02/03/16	U.S. Treasury	1.375	02/28/19	2,950,000	100.988	2,979,154	100.29	2,958,408	730	1.047
06/10/15	U.S. Treasury	1.000	05/31/18	15,000,000	99.762	14,964,258	100.00	14,999,400	457	1.082
04/20/16	U.S. Treasury	1.000	09/15/18	4,900,000	100.367	4,917,992	99.84	4,892,160	564	0.845
03/04/16	U.S. Treasury	1.625	03/31/19	5,850,000	101.793	5,954,889	100.76	5,894,343	761	1.031
12/05/16	U.S. Treasury	1.500	11/30/19	13,400,000	100.125	13,416,750	100.18	13,424,656	1005	1.457
05/06/16	U.S. Treasury	1.250	10/31/18	9,950,000	101.066	10,034,779	100.17	9,967,114	610	0.816
<b>Government Total</b>				<b>85,250,000</b>		<b>85,506,611</b>		<b>85,395,923</b>	<b>709</b>	<b>1.192</b>
	East West Bank			104,304	100.000	104,304	100.00	104,304	1	0.350
	East West Bank			18,480,929	100.000	18,480,929	100.00	18,480,929	1	0.350
	US Bank General Acct			9,666,715	100.000	9,666,715	100.00	9,666,715	1	0.000
	Torrey Pines Bank			5,080,114	100.000	5,080,114	100.00	5,080,114	1	0.400
<b>Bank Demand Deposits</b>				<b>33,332,063</b>		<b>33,332,063</b>		<b>33,332,063</b>	<b>1</b>	<b>0.256</b>
	DREYFUS GOVT INVEST			174,100	100.000	174,100	100.00	174,100	1	0.000
<b>Money Market Fund</b>				<b>174,100</b>		<b>174,100</b>		<b>174,100</b>	<b>1</b>	<b>0.000</b>
	Local Agency Invstmnt Fd			48,027,904	100.000	48,027,904	99.98	48,017,827	1	0.777
	San Diego County Inv Pool			54,395,208	100.000	54,395,208	100.01	54,399,550	1	1.146
	CalTrust			15,261,000	100.000	15,261,000	100.00	15,261,000	1	0.960
<b>Grand Total</b>				<b>\$ 452,487,179</b>	<b>100.15</b>	<b>\$ 452,855,646</b>	<b>99.83</b>	<b>\$ 452,089,082</b>	<b>416</b>	<b>1.095</b>

# Portfolio Investment Transactions

## From February 1<sup>st</sup>, 2017 - February 28<sup>th</sup>, 2017

Settle Date	Security Description	Security Type	CUSIP	Coupon	Mature Date	Call Date	Unit Price	Amount
<b>PURCHASES</b>								
02/09/17	BANK OF MONTREAL CD	Negotiable CD	06427KRC3	1.880	02/07/19	--	100.000	\$ 5,000,000
02/28/17	FNMA	AGCY	3135GOT29	1.500	02/28/20	--	99.360	6,046,128
								<b>\$ 11,046,128</b>
<b>CALLS</b>								
								<b>\$ -</b>
<b>MATURITIES</b>								
05/16/16	JP MORGAN SECS DC/P	CP	46640PPA5	1.020	02/10/17	--	100.000	\$ 5,000,000
								<b>\$ 5,000,000</b>
<b>DEPOSITS</b>								
								<b>\$ -</b>
<b>WITHDRAWALS / SALES / TRANSFERS</b>								
02/28/17	US TREAS NTS	US TREAS NTS	912828UU2	0.750	03/31/18	--	99.809	\$ 6,057,243
								<b>\$ 6,057,243</b>

# Bond Proceeds Summary

## SUMMARY OF 2010, 2013 & 2014 BOND PROCEEDS\*

**As of: February 28, 2017**

(in thousands)

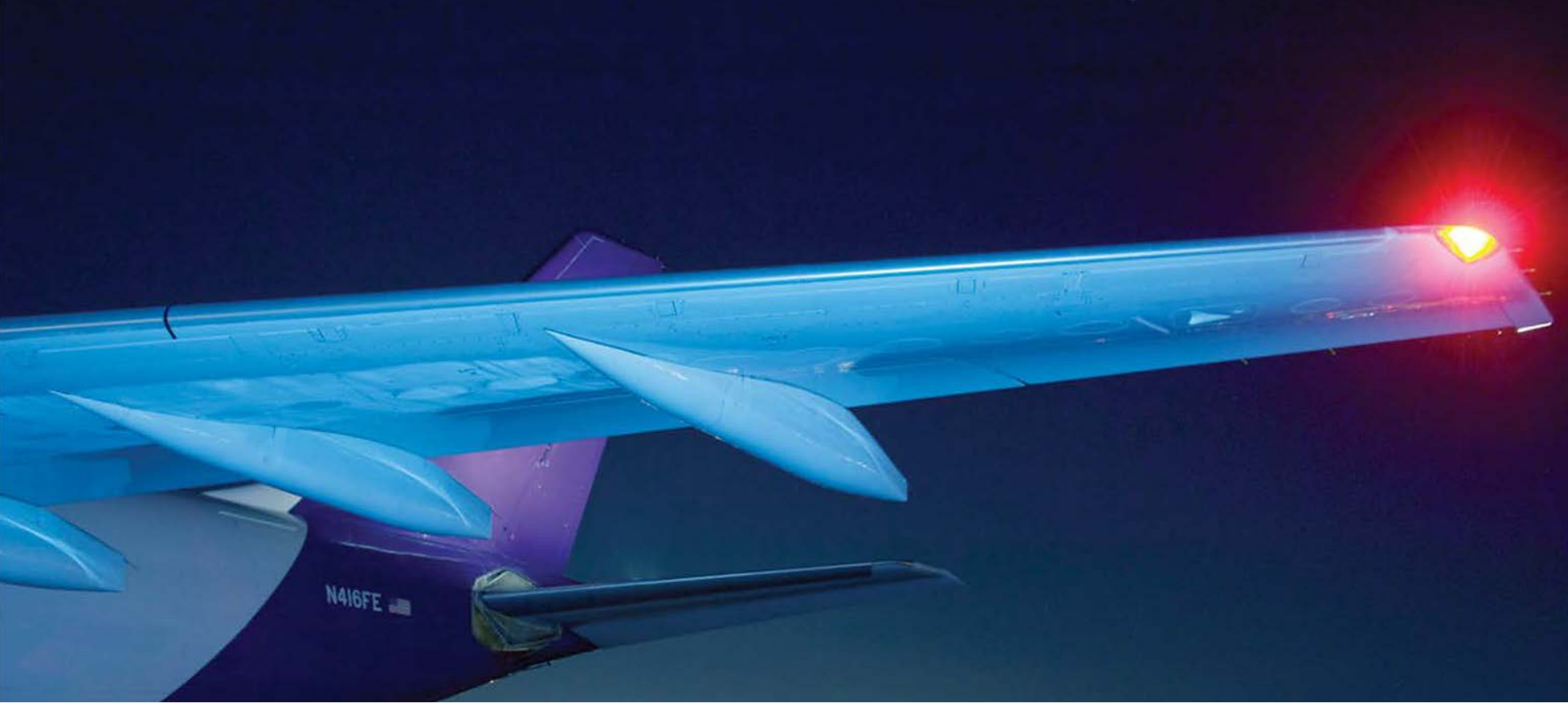
	Series 2010	Series 2013	Series 2014	Total	Yield	Rating
<b><u>Project Fund</u></b>						
SDCIP	\$ -	\$ 8,434	\$ 1,033	\$ 9,467	1.15% <sup>1)</sup>	AAAf
	\$ -	\$ 8,434	\$ 1,033	\$ 9,467		
<b><u>Debt Service Reserve &amp; Coverage Funds</u></b>						
SDCIP	\$ 30,210	\$ 33,126	\$ 28,729	\$ 92,065	1.15% <sup>1)</sup>	AAAf
East West Bank CD	21,022	-	-	21,022	0.80%	N/R
	\$ 51,232	\$ 33,126	\$ 28,729	\$ 113,087		
	\$ 51,232	\$ 41,560	\$ 29,762	\$ 122,554	1.09%	
*Bond proceeds are not included in deposit limits as applied to operating funds						

1) SDCIP Yield as of 1/31/17

# Bond Proceeds Investment Transactions

## From February 1<sup>st</sup>, 2017 - February 28<sup>th</sup>, 2017

Settle Date	Description	Security Type	CUSIP	Coupon	Mature Date	Call Date	Unit Price	Amount
<b>PURCHASES</b>								
							\$	-
<b>CALLS</b>								
							\$	-
<b>MATURITIES</b>								
							\$	-
<b>DEPOSITS</b>								
							\$	-
<b>WITHDRAWALS / SALES</b>								
							\$	-



Questions ?

**EXECUTIVE COMMITTEE**

Meeting Date: **MARCH 27, 2017**

**Subject:**

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

**Recommendation:**

Forward this item to the Board for approval.

**Background/Justification:**

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

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

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

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

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

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

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

#### **Fiscal Impact:**

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

#### **Authority Strategies:**

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

Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

#### **Environmental Review:**

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

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

**Application of Inclusionary Policies:**

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

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

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

**Prepared by:**

SCOTT BRICKNER  
VICE PRESIDENT FINANCE & ASSET MANAGEMENT/TREASURER





## San Diego County Regional Airport Authority

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

**Presented by:**  
John Dillon, *Director Financial  
Management*

# Agenda

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

# Background

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

The financial advisory services include:

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

# Background

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

2 responses were received from the following firms:

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

# Selection Criteria

The Evaluation Panel used the following criteria:

## Airport Experience

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

## Primary Staff Capabilities

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

# Selection Criteria

## Proposed Work Plan and Approach/Methodology

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

## Compensation/Fees

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

# Request for Proposal Results

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

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

# Recommended Firm - Frasca & Associates

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

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



# Recommended Firm - Frasca & Associates

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

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

Accolades:

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

# Recommendation and Requested Actions

Staff recommends that the Committee forward the following recommendations to the Board for approval:

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

# Questions





**EXECUTIVE COMMITTEE**

Meeting Date: **MARCH 27, 2017**

**Subject:**

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

**Recommendation:**

Forward this item to the Board for approval.

**Background/Justification:**

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

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

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

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

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

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

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

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

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

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

#### US Bank Revolver

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

#### Principal Agreed Terms:

- Capacity: \$125,000,000 (unchanged from current agreement)
- Tax Exempt pricing: 75% of 1 month Libor + 42 basis points spread (unchanged from current agreement)
- Taxable pricing: 1 month Libor + 60 basis points spread (unchanged from current agreement)
- Unutilized Pricing : 30 basis points (decrease of 7 basis points)
- Three year term

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

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

RBC Capital Markets Drawdown Bond Program

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

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

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

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

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

Principal Agreed Terms:

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

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

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

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

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

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

1. Revolving Credit Variable Rate Program  
The incurrence of Subordinate Obligations in the form of the revolving line of credit from US Bank in an aggregate principal amount not to exceed \$125,000,000 outstanding at any one time and a Flexible Drawdown Bond program from RBC Capital Markets in an aggregate principal amount not to exceed \$100,000,000 to provide an interim funding source for future capital projects
2. Extension of and Amendment to the US Bank Revolving Line of Credit  
Authorization for the President/CEO to execute an Amendment to the existing Revolving Credit Agreement with US Bank to reflect the agreed terms and extend the credit commitment for 3 years
3. Bond Purchase Agreement with RBCCM, Bondholder's Agreement with RBCMP and Fourth Supplemental Subordinate Indenture with Subordinate Trustee and Authorization for the President/CEO to execute these agreements with RBCCM, RBCMP and Subordinate Trustee reflecting the agreed terms
4. Additional authorization is granted for the President/CEO to (a) negotiate and execute an extension to the US Bank Revolver for up to three years with the same or advantageous financial terms and provisions, and (b) negotiate and execute and extension to the RBC RDB program for up to three years with the same or advantageous financial terms and provisions.



**Fiscal Impact:**

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

**Authority Strategies:**

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

Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

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

**Application of Inclusionary Policies:**

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

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

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

**Prepared by:**

SCOTT BRICKNER  
VICE PRESIDENT FINANCE & ASSET MANAGEMENT/TREASURER

**FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT**

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

**WITNESSETH**

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

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

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

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

**SECTION 1. AMENDMENTS.**

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

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

“*Commitment Expiration Date*” means [March \_\_, 2020]<sup>1</sup>.

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

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<sup>1</sup> Such date to be three years from the effective date of this amendment.

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

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

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

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

<b>Authority Rating</b>	<b>Commitment Fee Rate basis points (%)</b>
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<sup>2</sup> Such date to be the date hereof.

<sup>3</sup> Such date to be the date hereof.

<sup>4</sup> Such date to be the date hereof.

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

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

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

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

<sup>5</sup> Such date to be the date hereof.

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

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

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

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

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

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

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

## SECTION 2. CONDITIONS PRECEDENT.

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

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

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<sup>6</sup> Such date to be one year from the date hereof.

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

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

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

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

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

### SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY.

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

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

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

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

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

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

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

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

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

#### SECTION 4. MISCELLANEOUS.

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

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

[SIGNATURE PAGE FOLLOWS]

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

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_

Name: Scott Brickner  
Title: Vice President Finance and Asset  
Management and Treasurer

Attest:

By: \_\_\_\_\_

Name: Tony R. Russell  
Title: Director, Corporate and Information  
Governance/Authority Clerk

Approved as to form:

By: \_\_\_\_\_

Name: Amy Gonzalez  
Title: General Counsel

U.S. BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name: Kenneth Haber  
Title: Senior Vice President



REVOLVING CREDIT AGREEMENT

dated as of September 1, 2014

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION

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

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## REVOLVING CREDIT AGREEMENT

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

### RECITALS

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

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

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

### ARTICLE I

#### DEFINITIONS

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

“*Anti-Terrorism Laws*” has the meaning set forth in Section 7.25 hereof.

“*Applicable Factor*” means 75%.

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

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

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

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

“*Authorized Authority Representative*” has the meaning set forth in the Master Subordinate Trust Indenture.

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



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

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

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

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

*"Board"* has the meaning set forth in the Master Subordinate Trust Indenture.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

*"Indemnitee"* has the meaning set forth in Section 6.2 hereof.

*"Indemnified Taxes"* means Taxes other than Excluded Taxes.

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

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

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

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

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

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

*"Lender Affiliate"* means the Lender and any Affiliate of the Lender.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

*"Moody's"* means Moody's Investors Service, Inc. and any successor rating agency.

*"1933 Act"* means the Securities Act of 1933, as amended.

*"Net Revenues"* has the meaning set forth in the Master Subordinate Trust Indenture.

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

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

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

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

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

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

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

*"Notes"* means the AMT Note, the Non-AMT Note and the Taxable Note, each evidencing the Revolving Obligations.

*"OFAC"* has the meaning set forth in Section 7.25 hereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*"Revenues"* has the meaning set forth in the Master Subordinate Trust Indenture.

*"Revolving Loan"* has the meaning set forth in Section 3.1 hereof.

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

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

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

*"S&P"* means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and any successor rating agency.

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

*"Senior Lien Revenue Bonds"* has the meaning set forth in the Master Subordinate Trust Indenture.

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

*"State"* means the State of California.

*"Subordinate Net Revenues"* has the meaning set forth in the Master Subordinate Trust Indenture.

*"Subordinate Obligations"* has the meaning set forth in the Master Subordinate Trust Indenture.

*"Subordinate Trust Indenture"* means, the Master Subordinate Trust Indenture as supplemented by the Third Supplemental Subordinate Trust Indenture.

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

## ARTICLE II

### FACILITIES; APPLICATION AND ISSUANCE OF THE LOANS; PAYMENTS

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

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

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

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

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

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

#### *Section 2.4. Conditions Precedent.*

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

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

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

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

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

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

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

(6) the original executed Notes; and

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(v) No Material Adverse Change shall have occurred;

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

### ARTICLE III

#### REVOLVING LOANS

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

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



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

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

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

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

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

## ARTICLE IV

### THE TERM LOAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE V

### SECURITY AND PLEDGE

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

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

## ARTICLE VI

### LIABILITY, INDEMNITY AND PAYMENT

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



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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Section 6.4. Taxes.*

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

## ARTICLE VII

### REPRESENTATIONS AND WARRANTIES

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

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

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

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



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

*Section 7.4. Necessary Actions Taken.* The Authority has taken all actions necessary to be taken by it (a) for the execution and delivery of the Notes as Subordinate Obligations; (b) for the execution, adoption and delivery by the Authority of any and all instruments and the taking of all such other actions on the part of the Authority as may be necessary or appropriate for the effectuation and consummation of the transactions on the part of the Authority contemplated by this Agreement and the Related Documents or in connection herewith or therewith; and (c) to authorize or approve, as appropriate, the execution or adoption, issuance and delivery of, and the performance of its obligations under and the transactions contemplated by this Agreement and each of the Related Documents to which it is a party and the payment of the Obligations and the Notes at the times and in the manner set forth.

*Section 7.5. No Contravention.* The execution and delivery of this Agreement and each of the Related Documents to which the Authority is a party and compliance with the provisions hereof and thereof, will not conflict with or result in a violation of the Constitution or the laws of the State, including any debt limitations or other restrictions or conditions on the debt issuing power of the Authority, and will not conflict with or result in a violation of, or breach of, or constitute a default under, any law, judgment, order, decree or administrative regulation or any of the terms, conditions or provisions of the Act, the Master Senior Trust Indenture or the Subordinate Trust Indenture or any ordinance, judgment, decree, contract, loan agreement, note, bond, resolution, indenture, mortgage, deed of trust or other agreement or instrument to which the Authority is a party or by which it or any property of the Authority is bound and will not, except as expressly provided herein, result in the imposition or creation of any lien, charge, or encumbrance upon or invalidate or adversely affect in any way the Subordinate Net Revenues. The Authority has not received any notice, not subsequently withdrawn, given in accordance with the remedy provisions of any bond resolution or ordinance, trust indenture, guarantee or agreement or State law pertaining to bonds or notes secured by the Subordinate Net Revenues, of any default or event of default of the Authority which has not been cured, remedied or waived.

*Section 7.6. Compliance.* The current collection of Subordinate Net Revenues and the management of the Airport System and the accounting and recordkeeping therefor are in material compliance with all applicable state and federal laws and all applicable resolutions, ordinances and rules of the Authority. The Authority is in compliance with the terms and conditions of the Subordinate Trust Indenture and each of the Related Documents to which it is a party, and no breach of the terms hereof or thereof has occurred and is continuing, and no Default or Event of Default has occurred and is continuing.

*Section 7.7. No Default.* No default by the Authority has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any bond, note or other



evidence of indebtedness issued by the Authority and secured by the Subordinate Net Revenues. No bankruptcy, insolvency or other similar proceedings pertaining to the Authority or any agency or instrumentality of the Authority are pending or presently contemplated.

*Section 7.8. No Public Vote, Referendum or Legal Change.* (a) To the best knowledge of the Authority, there is no proposed amendment to the Constitution of the State or any proposed public vote, referendum or other ballot initiative, the effect of which could reasonably be expected to have a Material Adverse Effect.

(b) There is no amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any public vote or referendum or other ballot initiative or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect.

*Section 7.9. No Immunity.* Under existing law, the Authority is not entitled to raise the defense of sovereign or governmental immunity in connection with any legal proceedings to enforce or collect upon this Agreement, the Related Documents or the transactions contemplated hereby or thereby, including the payment of the Obligations; *provided, however*, that a claimant shall be required to comply with the provisions of the Tort Claims Act set forth in California Government Code Section 810 *et seq.* in tort or contract suits, actions or proceedings brought against the Authority.

*Section 7.10. Litigation.* There is no action, investigation, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the Authority or the Airport System or any arbitration in which service of process has been completed against the Authority or the Airport System or, to the knowledge of the Authority, any other action, investigation, suit or proceeding pending or threatened in any court, any other governmental authority with jurisdiction over the Authority or the Airport System or any arbitration, in either case against the Authority or the Airport System or any of their respective properties or revenues, or any of the Related Documents to which it is a party, which if determined adversely to the Authority would adversely affect (A) the legality, validity or enforceability of this Agreement, the Notes or the Related Documents to which it is a party, (B) the validity, enforceability or perfection of the pledge of and lien on the Subordinate Net Revenues or on the amounts held in funds, accounts and subaccounts under the Subordinate Trust Indenture, (C) the status of the Authority as a local government entity of regional government, organized and validly existing under the laws of the State, (D) the exemption of interest on the Tax-Exempt Loans from the gross income of the recipients thereof for Federal income tax purposes, or (E) the rights and remedies of the Lender under any of the Related Documents or which is reasonably likely to have a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Effective Date as to which the Lender has received an opinion of counsel satisfactory to the Lender, in form and substance satisfactory to the Lender and its counsel, to the effect that such action, suit or proceeding is without substantial merit.

*Section 7.11. Disclosure.* All information, reports and other papers and data with respect to the Authority furnished to the Lender, at the time the same were so furnished, were accurate in

all material respects. Any financial, budget and other projections furnished to the Lender were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections.

*Section 7.12. Financial Information.* The Authority has delivered to the Lender a copy of the audited financial statements for the Authority and the Airport System for the fiscal year ended June 30, 2013. These together with related notes, fairly present the financial position and results of operation of the Authority and the Airport System as of the date and for the periods therein set forth. All such financial statements have been prepared in accordance with GAAP. There has been no material adverse change in the financial position, including the Net Revenues and Subordinate Net Revenues, results of operations or projections of revenues of the Airport System since June 30, 2013, except as disclosed in writing to the Lender prior to the Effective Date, which would be reasonably likely to result in a Material Adverse Effect. The Authority has no material contingent liabilities or other material contracts or commitments payable from Subordinate Net Revenues which are not reflected in such financial statements previously delivered to the Lender or in the notes thereto or otherwise as disclosed to the Lender.

*Section 7.13. Official Signatures.* The Authorized Authority Representative has and had full power and authority to execute, deliver and perform under this Agreement and each of the Related Documents to which the Authority is a party. Any agreement, certificate or request signed by or on behalf of any Authorized Authority Representative or Designated Representative and delivered to the Lender shall be deemed a representation and warranty by the Authority to the Lender as to the truth, accuracy and completeness of the statements made by the Authority therein.

*Section 7.14. Incorporation of Representations and Warranties by Reference.* The Authority hereby makes to the Lender the same representations and warranties made by the Authority in each Related Document to which the Authority is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Lender with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. Except as permitted by Section 8.15 hereof, no amendment to such representations and warranties or defined terms made pursuant to any Related Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Lender.

*Section 7.15. Environmental Matters.* To the best knowledge of the Authority, the operations of the Airport System (i) have not become subject to any Environmental Liability nor does the Authority know of any basis for any Environmental Liability and (ii) are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations (including all Environmental Laws) and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action would have

a Material Adverse Effect. The Authority has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law.

*Section 7.16. Security; Pledge of Subordinate Net Revenues Securing Obligations.* The Master Subordinate Trust Indenture creates, for the benefit of the Lenders and the Noteholders, with respect to the payment of the principal of and interest on the Loans, the Notes and the Obligations, the legally valid, binding and irrevocable lien on and pledge of the Subordinate Net Revenues. There is no lien on the Subordinate Net Revenues other than the liens created by the Subordinate Trust Indenture. None of the Master Senior Trust Indenture, the Master Subordinate Trust Indenture or the Third Supplemental Subordinate Trust Indenture permit the issuance of any Debt secured by the Subordinate Net Revenues to rank senior to the payment of the principal of and interest on the Subordinate Obligations, the Notes, the Loans, Advances or the Obligations, other than the Senior Lien Revenue Bonds and reserves established with respect to the Senior Lien Revenue Bonds. The payment of the Obligations ranks on a parity with the payment of the principal of and interest on the Subordinate Obligations and is not subordinate to any payment secured by a lien on the Subordinate Net Revenues or any other claim other than payments with respect to the principal of, purchase price, premium, if any, and interest on the Senior Lien Revenue Bonds and the funding of reserves therefor as set forth in the Master Senior Trust Indenture and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien. No filing, registration, recording or publication of the Master Senior Trust Indenture, the Subordinate Trust Indenture or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the lien created thereby on the Subordinate Net Revenues to secure the Notes, the Loans, Advances and the Obligations. As of the Effective Date, there is no indebtedness of the Authority payable from or secured by the Subordinate Net Revenues or amounts held in funds, accounts or subaccounts under the Subordinate Trust Indenture or any portion thereof on a basis that is on a parity with the Obligations (including the Repayment Obligations and the Notes) other than the Subordinate Obligations existing as of the Effective Date. The Obligations and the Notes constitute "Subordinate Obligations" for purposes of the Subordinate Trust Indenture.

*Section 7.17. Tax Exempt Status of Tax-Exempt Loans.* The Authority has not taken any action and knows of no action that any other Person has taken which would cause interest on any Tax-Exempt Loan to be included in the gross income of the recipients thereof for Federal income tax purposes.

*Section 7.18. Margin Regulations.* The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Advances, the Loans or the Notes or any amounts furnished by the Lender pursuant to a Request for Advance will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

*Section 7.19. The Notes.* The Notes will be duly issued and the Notes and the Repayment Obligations shall constitute Subordinate Obligations under the Subordinate Trust Indenture and will be entitled to the benefits thereof.

*Section 7.20. Pari Passu.* Under the laws of the State, the obligation of the Authority under this Agreement to pay interest at the Taxable LIBOR Rate, the Tax-Exempt LIBOR Rate, the Lender Rate, the Default Rate or the Taxable Rate as set forth herein constitutes a charge and lien on the Subordinate Net Revenues equal to and on a parity with the charge and lien upon the Subordinate Net Revenues for the payment of the Repayment Obligations and the principal of and interest on the Notes and all other Subordinate Obligations under the Subordinate Trust Indenture, and, with respect to Net Revenues, subordinate only to the Senior Lien Revenue Bonds and reserves relating thereto.

*Section 7.21. Maximum Rate.* The terms of the Related Documents (including the Notes) regarding the calculation of interest and fees do not violate any applicable usury laws.

*Section 7.22. Valid Lien.* The Authority's irrevocable pledge of the Subordinate Net Revenues and amounts hereunder and under the Subordinate Trust Indenture and in the funds, accounts and subaccounts established and maintained under the Subordinate Trust Indenture to and for the payment of the Obligations of the Authority under this Agreement and for the payment of the Repayment Obligations and the Notes is valid and binding and no further acts, instruments, approvals or consents are necessary for the creation, validity or perfection thereof. The provisions of the Subordinate Trust Indenture constitute a contract between the Authority and the Lender subject to the provisions of the Subordinate Trust Indenture, and the Lender, may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Authority as a result of issuing the Notes.

*Section 7.23. ERISA; Plans; Employee Benefit Plans.* The Authority is not subject to ERISA and maintains no Plans.

*Section 7.24. Solvency.* After giving effect to the issuance of the Notes and the other obligations contemplated by this Agreement, the Authority is solvent, having assets of a fair value which exceeds the amount required to pay its debts (including contingent, subordinated, unmatured and unliquidated liabilities) as they become absolute and matured, and the Authority is able to and anticipates that it will be able to meet its debts as they mature and has adequate capital to conduct its business in which it is engaged.

*Section 7.25. Anti-Terrorism Laws.* Neither the Authority nor any of Affiliates thereof is in violation of any Laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act;

- (i) neither the Authority nor any Affiliate thereof is any of the following:
  - (A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;



(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person with which the Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(E) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("OFAC") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list; and

(ii) to the best of the Authority's knowledge neither the Authority nor any Affiliate thereof (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (i) above, (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

## ARTICLE VIII

### COVENANTS OF THE AUTHORITY

The Authority will do the following so long as the Commitment is outstanding or any Obligations remain outstanding under this Agreement, unless the Lender shall otherwise consent in writing:

*Section 8.1. Maintenance of Existence.* To the extent permitted by law, the Authority shall maintain its existence pursuant to the Act and the laws of the State and at all times maintain its ownership of the Airport System.

*Section 8.2. Reports, Certificates and Other Information.* The Authority shall furnish or cause to be furnished to the Lender copies of:

(a) as soon as available, but in any event within one hundred eighty-one (181) days after the end of each Fiscal Year, the annual audited financial statements for the Authority together with the opinion of the Authority's independent accountants and a certificate from the Executive Director or the Vice President, Finance and Asset Management/Treasurer addressed to the Lender demonstrating compliance with Section 8.7 hereof and stating that neither a Default nor an Event of Default has occurred

which was continuing at the end of such Fiscal Year or on the date of his certification, or, if such an event has occurred and was continuing at the end of such Fiscal Year or on the date of his certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto;

(b) as soon as available, but in any event within sixty (60) days after December 31 of each year, a copy of the unaudited financial statements of the Authority for the six months ended on such December 31, accompanied by a certification from the Executive Director or the Vice President, Finance and Asset Management/Treasurer addressed to the Lender stating that neither a Default nor an Event of Default has occurred which was continuing at the end of such six month period or on the date of the certification, or, if such an event has occurred and was continuing at the end of such six month period or on the date of the certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto;

(c) as soon as available, but in any event within thirty (30) days following the approval thereof, the Authority Budget and annual appropriation resolution for the Authority;

(d) as soon as available, all notices, certificates, instruments, letters and written commitments in connection with the Revolving Obligations provided to the Trustee other than those notices, certificates, instruments, letters and written commitments that relate solely to the routine issuance and payment of the Revolving Obligations;

(e) within ten (10) days after the issuance by the Authority of any Senior Lien Revenue Bonds secured by Net Revenues or any Subordinate Obligations secured by Subordinate Net Revenues, with respect to which a final official statement or other offering circular has been prepared by the Authority, the Authority will provide to the Lender notice of such issuance and a copy of such official statement or offering circular (or a link to EMMA with respect to such official statement or offering circular);

(f) (i) promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and within five (5) days thereafter, a certificate signed by a Designated Representative specifying in reasonable detail the nature and period of existence thereof and what action the Authority has taken or proposes to take with respect thereto; and (ii) promptly following a written request of the Lender, a certificate of a Designated Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement;

(g) as promptly as practicable, written notice to the Lender of all litigation served against the Authority and all proceedings before any court or governmental authority which could reasonably be expected to have a Material Adverse Effect or of any other event which is likely to have a Material Adverse Effect; and

(h) such other information regarding the affairs and condition of the Authority and the Airport System as the Lender may from time to time reasonably request; *provided* that the Authority shall not be required to furnish such information if doing so violates applicable law as reasonably construed.

*Section 8.3. Maintenance of Books and Records.* The Authority will keep, and cause to be kept, proper books of record and account in which full, true and correct entries in accordance with the Authority's budget basis accounting principles and reporting practices will be made of all dealings or transactions in relation to its activities.

*Section 8.4. Access to Books and Records.* To the extent permitted by law, the Authority will permit any Person designated by the Lender (at the expense of the Lender) to visit any of the offices of the Authority to examine the books and financial records (except books and financial records the examination of which by the Lender is prohibited by law or subject to some privilege), including minutes of meetings of any relevant governmental committees or agencies, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Authority with their principal officials, all at such reasonable times and as often as the Lender may reasonably request.

*Section 8.5. Compliance with Documents.* The Authority agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in each of the Related Documents to which it is a party, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Lender and shall be enforceable against the Authority. To the extent that any such incorporated provision permits the Authority or any other Person to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Authority or any Person, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Lender in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Lender which shall only be evidenced by the written approval by the Lender of the same. Except as permitted by Section 8.15 hereof, no termination or amendment to such covenants and agreements or defined terms or release of the Authority with respect thereto made pursuant to any of the Related Documents to which the Authority is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the Authority with respect thereto in each case as incorporated by reference herein without the prior written consent of the Lender. Notwithstanding any termination or expiration of any such Related Document to which the Authority is a party, the Authority shall, unless such Related Document has terminated in accordance with its terms and has been replaced by a new Related Document, continue to observe the covenants therein contained for the benefit of the Lender until the termination of this Agreement. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

*Section 8.6. Compliance with Law.* The Authority shall comply with and observe the obligations and requirements set forth in the Constitution of the State of California and in all statutes and regulations binding upon it relating to the Airport System and the Related Documents to which the Authority is a party.

*Section 8.7. Rate Covenant.* The Authority covenants and agrees that it shall take any and all action necessary such that Revenues and Subordinate Net Revenues in each Fiscal Year shall equal an amount at least sufficient to satisfy the provisions of Section 5.04 of the Master Subordinate Trust Indenture.

*Section 8.8. Further Assurances.* From time to time hereafter, the Authority will execute and deliver such additional instruments, certificates or documents, and will take all such actions as the Lender may reasonably request for the purposes of implementing or effectuating the provisions of the Related Documents to which the Authority is a party or for the purpose of more fully perfecting or renewing the rights of the Lender with respect to the rights, properties or assets subject to such documents (or with respect to any additions thereto or replacements or proceeds thereof or with respect to any other property or assets hereafter acquired by the Authority which may be deemed to be a part thereof). Upon the exercise by the Lender of any power, right, privilege or remedy pursuant to the Related Documents to which the Authority is a party which requires any consent, approval, registration, qualification or authorization of any governmental authority or instrumentality, the Authority will, to the extent permitted by law, execute and deliver all necessary applications, certifications, instruments and other documents and papers that the Lender may be required to obtain for such governmental consent, approval, registration, qualification or authorization.

*Section 8.9. No Impairment.* The Authority will neither take any action, nor cause any Person to take any action, under any Related Document which would materially adversely affect the rights, remedies or security of the Lender under this Agreement or any other Related Document or which could result in a Material Adverse Effect.

*Section 8.10. Application of Proceeds.* The Authority will not take or omit to take any action, which action or omission will in any way result in the proceeds from any Loan being applied in a manner other than as provided in the Subordinate Trust Indenture, the Tax Certificate and this Agreement.

*Section 8.11. Reserved.*

*Section 8.12. Reserved.*

*Section 8.13. Limitation on Additional Debt.* The Authority will not issue any additional Subordinate Obligations payable from or secured by Subordinate Net Revenues (other than the Revolving Obligations issued in accordance with the provisions of the Third Supplemental Subordinate Trust Indenture and this Agreement) unless the Authority complies with the provisions of Section 2.11 of the Master Subordinate Trust Indenture. Within ten (10) days after the issuance by the Authority of any Subordinate Obligations secured by Subordinate Net Revenues, the Authority will provide the Lender copies of the certificates required to be



delivered by the Authority pursuant to Section 2.09(d) and (e) of the Master Subordinate Trust Indenture.

*Section 8.14. Maintenance of Tax Exempt Status.* The Authority will not take any action or omit to take any action that, if taken or omitted, would adversely affect the exclusion of interest on any Tax-Exempt Loan from the gross income of any Holder for Federal income tax purposes; *provided, however*, that the Authority shall not be in violation of the provisions of this Section 8.14 as a result of a Holder being a “substantial user” of the projects financed or refinanced with proceeds of an AMT Loan or a “related person” for purposes of Section 147(a) of the Code.

*Section 8.15. Amendments to Master Senior Trust Indenture, Master Subordinate Trust Indenture and Other Related Documents.* The Authority will not amend or modify, or permit to be amended or modified in any manner whatsoever (i) Sections 2.11, 4.01, 4.02 (excluding clauses (vi) and (vii) of subparagraph (b) thereof), 5.03, 5.04, 5.06, 5.08, 5.09 or 5.12 of the Master Senior Trust Indenture and Sections 2.11, 4.01, 5.05, 5.07 and 5.08 of the Master Subordinate Trust Indenture, in each case without the prior written consent of the Lender nor shall it amend, modify or supplement any other provision of the Master Senior Trust Indenture or the Master Subordinate Trust Indenture (other than those set forth above) in a manner which would have a material adverse effect upon the Authority’s ability to perform its obligations under this Agreement or to repay indebtedness that is secured by the Subordinate Net Revenues or which adversely affects the security for the Notes or the Authority’s ability to repay when due the Obligations or the rights or remedies of the Lender under the Related Documents or hereunder; or (ii) any other Related Document without the prior written consent of the Lender.

*Section 8.16. Maintenance of Insurance.* The Authority covenants and agrees that it shall comply with Section 5.10 of the Master Senior Trust Indenture.

*Section 8.17. [Reserved].*

*Section 8.18. Taxes and Liabilities.* The Authority shall pay all its indebtedness and obligations promptly and in accordance with their terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, which default could have a Material Adverse Effect; *provided* that the Authority shall have the right to defer payment or performance of obligations to Persons other than the Lender so long as it is contesting in good faith the validity of such obligations by appropriate legal action and no final order or judgment has been entered with respect to such obligations.

*Section 8.19. Trustee.* Unless otherwise consented to in writing by the Lender, the Authority shall ensure that any replacement Trustee shall have capital of not less than \$500,000,000, and such Trustee or its respective parent organization shall have an underlying rating from Moody’s and S&P of at least “A2” (or its equivalent) and “A” (or its equivalent), respectively.

*Section 8.20. Waiver of Sovereign Immunity.* The Authority hereby agrees not to assert the defense of any future right of sovereign or governmental immunity in any legal proceeding to enforce or collect upon the obligations of the Authority under this Agreement or any other Related Document or the transactions contemplated hereby or thereby.

*Section 8.22. Credit Facilities.* (i) In the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides such Person with additional or more restrictive covenants (including without limitation financial covenants) and/or additional or more restrictive events of default (collectively, the "*Additional Rights*") than are provided to the Lender in this Agreement, then, upon the occurrence of an event of default (without regard to a waiver of such event of default) under such agreement (or amendment thereto) caused by such Additional Rights, such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Lender shall have the benefits of such Additional Rights; *provided, however*, that such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Lender shall have the benefits of such Additional Rights only from and after the occurrence of an event of default under the related Bank Agreement caused by the Additional Rights or a failure by the Authority to comply with such Additional Rights. The Authority shall promptly, upon the occurrence of an event of default (without regard to a waiver of such event of default) under the related Bank Agreement caused by such Additional Rights or a failure by the Authority to comply with such Additional Rights, enter into an amendment to this Agreement to include such Additional Rights, *provided* that the Lender shall maintain the benefit of such Additional Rights even if the Authority fails to provide such amendment. If the Authority shall amend the related Bank Agreement such that it no longer provides for such Additional Rights, then, without the consent of the Lender, this Agreement shall automatically no longer contain the related Additional Rights and the Lender shall no longer have the benefits of any of the related Additional Rights.

(ii) In the event that the Authority shall enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides for any term or provision which permits any outstanding advance, loan or drawing to be amortized over a period shorter than the Amortization Period set forth in Section 4.5 hereof (such shorter amortization period, the "*Shorter Amortization Period*"), this Agreement shall automatically be deemed to be amended such that the Amortization Period set forth in Section 4.5 hereof shall be such Shorter Amortization Period. Upon the occurrence of the conditions set forth in the immediately preceding sentence, the Authority shall promptly enter into an amendment to this Agreement such that the Amortization Period equals such Shorter Amortization Period, *provided* that the Amortization Period shall equal the Shorter Amortization Period regardless of whether this Agreement is amended. If the Authority shall amend the Bank Agreement such that it no longer provides for an amortization of the related advance, loan, drawing or other obligation for a period less than the Amortization Period as of the Effective Date, then, the Authority shall promptly enter into an amendment to this Agreement such that the Amortization Period equals the Amortization Period set forth in Section 4.5 hereof as of the Effective Date, *provided* that the Amortization Period

shall equal the Amortization Period set forth in Section 4.5 hereof as of the Effective Date regardless of whether this Agreement is amended.

*Section 8.23. Right to Accelerate.* In the event the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which Bank Agreement includes the right to accelerate the payment of the principal of or interest on any series of Senior Lien Revenue Bonds or Subordinate Obligations upon the occurrence and continuation of an event of default or event of termination under such Bank Agreement, or such Bank Agreement includes the right to accelerate the payment of the principal of or interest on any series of Senior Lien Revenue Bonds or Subordinate Obligations upon the occurrence and continuation of an event of default or event of termination under such Bank Agreement within a shorter period than is available to the Lender under this Agreement (herein referred to as "*New Acceleration Provisions*"), then such New Acceleration Provisions shall automatically be deemed incorporated herein and the Lender shall automatically have the benefit of such New Acceleration Provisions. The Authority shall promptly, upon the occurrence of the Authority entering into any Bank Agreement (or amendment thereto) which provides for New Acceleration Provisions, enter into an amendment to this Agreement to include such New Acceleration Provisions; *provided* that the Lender shall maintain the benefit of such New Acceleration Provisions even if the Authority fails to provide such amendment. The release, termination or other discharge of such Bank Agreement that provides for such New Acceleration Provisions shall be effective to amend, release, terminate or discharge (as applicable) such provisions as incorporated by reference herein without the consent of the Lender.

*Section 8.24. Maintenance of Ratings.* The Authority shall at all times maintain long-term unenhanced ratings on Subordinate Obligations (other than this Agreement, the Note and the Repayment Obligations hereunder) by any two Nationally Recognized Statistical Rating Organizations (as defined under the Securities Exchange Act of 1934, as amended) approved by the Lender. As of the Effective Date, the Authority maintains long-term unenhanced ratings on the Subordinate Obligations from Fitch, Moody's and S&P. Such Rating Agencies are approved by the Lender (unless and until the Lender notifies the Authority in writing that it no longer approves of Fitch, Moody's or S&P).

*Section 8.25. Liens, Etc.* The Authority shall not create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under the Subordinate Trust Indenture except those Liens specifically permitted under the Subordinate Trust Indenture; *provided, however,* that, unless otherwise consented to in advance in writing by the Lender, in no event will the Authority permit any Lien upon the Net Revenues or the Subordinate Net Revenues securing any termination payment pursuant to any Swap Contract to be on parity with or senior to the Lien on Subordinate Net Revenues securing the Repayment Obligations and the Notes.

*Section 8.26. Federal Reserve Board Regulations.* The Authority shall not use any portion of the proceeds of any Advances, any Loans or the Notes for the purpose of carrying or purchasing any Margin Stock.

*Section 8.27. Use of Lender's Name.* Except as may be required by law (including, but not limited to, federal and state securities laws), the Authority shall not use the Lender's name in

any published materials (other than the Authority's staff reports, annual statements, audited financial statements, and rating agency presentations) without the prior written consent of the Lender (which consent shall not be unreasonably withheld); *provided* that, without the prior written consent of the Lender, the Authority may identify the Lender as a party to this Agreement, the stated amount of the Commitment, the expiration date of the Commitment, that the interest rate on the Loans is based on the one-month LIBOR plus a spread (such spread shall not be identified) and that the Authority's obligations under this Agreement are secured by Subordinate Net Revenues, in offering documents with respect to the Senior Lien Revenue Bonds and the Subordinate Obligations, so long as no other information relating to this Agreement or the Lender is disclosed in such offering documents without the prior written consent of the Lender.

*Section 8.28. Consolidation, Merger, Etc.* The Authority shall not dissolve or otherwise dispose of all or substantially all of the assets of the Authority or consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority; *provided, however*, that the Authority may consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority if each of the following conditions shall have been fulfilled:

- (i) such merger or consolidation shall be with or into another governmental entity which shall assume in writing, reasonably satisfactory in form and substance to the Lender, or by operation of law the due and punctual performance and observance of all of the covenants, agreements and conditions of this Agreement and the other Related Documents;
- (ii) such merger or consolidation shall not adversely affect or impair to any extent or in any manner (1) the Subordinate Net Revenues, (2) the availability of the Subordinate Net Revenues for the payment and security of the obligations of the Authority under this Agreement, or (3) the pledge or security afforded by the Master Senior Trust Indenture and the Master Subordinate Trust Indenture to the Senior Lien Revenue Bonds and the Subordinate Obligations, and the Authority shall have furnished to the Lender, for the benefit of the Lender, an opinion of its Bond Counsel, satisfactory in form and substance to the Lender, to such effect; and
- (iii) the Authority shall have given the Lender not less than 60 days' prior written notice of such merger or consolidation and furnished to the Lender all such information concerning such merger or consolidation as shall have been reasonably requested by the Lender.

*Section 8.29. Incorporation of Waiver of Jury Trial and Judicial Reference from Bank Agreements.* In the event that the Department has or shall enter into, or otherwise consent to any Bank Agreement which (i) provides that the Authority waives any right to a trial by jury in any action, suit or proceeding arising under or relating to such Bank Agreement, or (ii) provides that the Authority consents to the adjudication of any action, suit or proceeding arising under or relating to such Bank Agreement pursuant to judicial reference as provided in California Code of Civil Procedure Section 638, this Agreement shall be deemed to be amended to include a



substantially similar provision for the benefit of the Lender (any such provision described in (i) or (ii) referred to herein as a “*Section 8.29 Bank Agreement Provision*”). The Authority shall promptly notify the Lender of any Bank Agreement which it enters into with any other Person which contains a Section 8.29 Bank Agreement Provision, and the Authority shall promptly, and in any event within thirty (30) Business Days after the effective date of such Bank Agreement provide the Lender with a copy of such Bank Agreement. To evidence the foregoing, upon the reasonable request of the Lender, the Authority shall enter into an amendment to this Agreement within sixty (60) days after a request by the Lender to document any Section 8.29 Bank Agreement Provision deemed to be added to this Agreement pursuant to this Section. Notwithstanding the foregoing, the Lender shall automatically maintain the benefit of any Section 8.29 Bank Agreement Provision, even if the Authority fails to provide the Lender with a copy of such Bank Agreement containing the Section 8.29 Bank Agreement Provision or fails to enter into any such amendment to this Agreement with the Lender.

## ARTICLE IX

### RESERVED

## ARTICLE X

### DEFAULTS AND REMEDIES

*Section 10.1. Events of Default and Remedies.* If any of the following events shall occur, each such event shall be an “Event of Default”:

(a) the Authority fails to pay, or cause to be paid, when due (i) any principal of or interest on any Note, (ii) any Repayment Obligation or (iii) any other Obligation;

(b) any representation, warranty or statement made by or on behalf of the Authority herein or in any Related Document to which the Authority is a party or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or the documents, certificates or statements of the Authority (including unaudited financial reports, budgets, projections and cash flows of the Authority and the Airport System) furnished to the Lender by or on behalf of the Authority in connection with the transactions contemplated hereby, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made;

(c) (i) the Authority fails to perform or observe any term, covenant or agreement contained in Sections 8.1, 8.9, 8.13, 8.14, 8.15, 8.18, 8.24, and 8.25 inclusive; or (ii) the Authority fails to perform or observe any other term, covenant or agreement contained in this Agreement (other than those referred to in Sections 10.1(a) and 10.1(c)(i)) and any such failure cannot be cured or, if curable, remains uncured for thirty (30) days after written notice thereof to the Authority;

(d) the Authority shall (i) default in the payment of the principal of or interest on the Senior Lien Revenue Bonds or the Subordinate Obligations (other than the Revolving Obligations, the Notes or the Loans), beyond the period of grace, if any, provided in the instrument or agreement under which such Senior Lien Revenue Bonds or the Subordinate Obligations was issued or incurred; (ii) default in the observance or performance of any agreement or condition relating to any Senior Lien Revenue Bonds or the Subordinate Obligations or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause the holder or holders of such Senior Lien Revenue Bonds or the Subordinate Obligations (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Senior Lien Revenue Bonds or the Subordinate Obligations to become due prior to its stated maturity; or (iii) default in the observance or performance of any agreement or condition relating to any Senior Lien Revenue Bonds or the Subordinate Obligations or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to permit the holder or holders of such Senior Lien Revenue Bonds or the Subordinate Obligations (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Senior Lien Revenue Bonds or the Subordinate Obligations to become due prior to its stated maturity;

(e) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Notes, the Loans, the Advances or any other Subordinate Obligations or (B) the validity or enforceability of the pledge of the Subordinate Net Revenues or any other pledge or security interest created by the Subordinate Trust Indenture shall at any time for any reason cease to be valid and binding on the Authority as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable;

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) the payment of the principal of or interest on the Notes, the Loans, the Advances or any other Subordinate Obligations, or (B) the validity or enforceability of the pledge of the Subordinate Net Revenues or any other pledge or security interest created by the Subordinate Trust Indenture shall be publicly contested by the Authority; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the Authority as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority;

(f) a final judgment or order for the payment of money in excess of \$10,000,000 (in excess of the coverage limits of any applicable insurance therefor) shall have been rendered against the Authority and such judgment or order shall not have been satisfied, stayed, vacated, discharged or bonded pending appeal within a period of sixty (60) days from the date on which it was first so rendered;

(g) (i) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of any obligation secured by a lien, charge or encumbrance upon the Net Revenues or Subordinate Net Revenues; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the Authority seeks to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts; (iii) the Authority seeks appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of the Authority's property or a receiver, trustee, custodian or other similar official shall be appointed for the Authority or for any substantial part of the Authority's property, or the Authority shall make a general assignment for the benefit of its creditors; (iv) there shall be commenced against the Authority any case, proceeding or other action of a nature referred to in clause (ii) above and the same shall remain undismitted; (v) there shall be commenced against the Authority any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal, within sixty (60) days from the entry thereof; (vi) the Authority takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv) or (v) above; or (vii) the Authority shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(h) in the event that any Authority Rating is suspended, withdrawn, or otherwise unavailable from any Rating Agency, or if any Authority Rating is reduced below "Baa2" (or its equivalent), "BBB" (or its equivalent) or "BBB" (or its equivalent) by any of Moody's, S&P or Fitch, respectively (but excluding any suspension or withdrawal of any such Authority Rating if the applicable Rating Agency has stipulated in writing that the rating action is being taken for non-credit related reasons); or

(i) any event of default under the Master Senior Trust Indenture or the Subordinate Trust Indenture shall occur; or

(j) except as otherwise permitted under Section 8.28 hereof, the dissolution or termination of the existence of the Authority shall occur; or

(k) any Governmental Authority of competent jurisdiction shall declare a financial emergency or similar declaration with respect to the Authority and shall appoint or designate, with respect to the Authority, an entity such as an organization, a board, a

commission, an authority, an agency or any other similar body to manage the affairs and operations of the Authority; or

(l) any Lien created by this Agreement or the Subordinate Trust Indenture or any other Related Document in favor of, or for the benefit of, the Lender or any Noteholder shall at any time or for any reason (except as expressly permitted to be released by the terms of such governing document) not constitute a valid Lien.]

*Section 10.2. Remedies.* (a) Upon the occurrence and continuation of any Event of Default the Lender may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law *provided*:

(i) by notice to the Authority, declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Authority; *provided* that upon the occurrence of an Event of Default under Section 10.1(h) hereof such acceleration shall automatically occur (unless such automatic acceleration is waived by the Lender in writing);

(ii) deliver a written notice to the Trustee and the Authority that an Event of Default has occurred and is continuing and direct the Trustee and the Authority, as applicable, to accelerate repayment of the Loans and cause a mandatory redemption of the Notes or take such other remedial action as is provided for in the Trust Indenture;

(iii) by written notice to the Authority, reduce the Available Commitment to zero and thereafter the Lender will have no further obligation to make Advances hereunder and/or terminate the Commitment;

(iv) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Authority under the Related Documents, whether for specific performance of any agreement or covenant of the Authority or in aid of the execution of any power granted to the Lender in the Related Documents;

(v) cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however*, that the Lender shall have no obligation to effect such a cure; and

(vi) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents and as otherwise available at law and at equity.

(b) Notwithstanding the provisions of Section 10.2(a)(i) or 10.2(a)(ii) hereof, (x) the Lender shall not declare the outstanding amount of the Obligations under this Agreement to be



immediately due and payable or cause a mandatory redemption of the Notes as described in Section 10.2(a)(i) or 10.2(a)(ii) until seven (7) days after the occurrence of an Event of Default specified in Section 10.1(a)(i), 10.1(a)(ii), 10.1(d)(i), 10.1(d)(ii), 10.1(e)(i), 10.1(e)(ii), 10.1(g) or 10.1(j) hereof and (y) the Lender shall notify the Authority of mandatory redemption of the Notes at least one hundred eighty (180) days prior thereto in the case of any Event of Default not specified in the immediately preceding clause (x). Notwithstanding the foregoing sentence of this Section 10.2(b), if any other holder or credit enhancer of Debt secured by a lien or charge on Net Revenues or Subordinate Net Revenues or any counterparty under any Swap Contract related thereto causes any such Debt or other obligations of the Authority to become immediately due and payable, the Lender may immediately, without notice, avail itself of the remedies set forth in Section 10.2(a) hereof and/or declare or cause to be declared the unpaid principal amount of all outstanding Notes, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder to be immediately due and payable.

*Section 10.3. No Waiver.* No failure on the part of Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. No delay or omission by the Lender in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Lender or to be acquiescence therein. No express or implied waiver by the Lender of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

*Section 10.4. Discontinuance of Proceedings.* In case the Lender shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Lender shall have the unqualified right so to do and, in such event, the Authority and the Lender shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Lender hereunder shall continue as if the same had never been invoked.

## ARTICLE XI

### MISCELLANEOUS

*Section 11.1. Evidence of Debt.* The Lender shall maintain in accordance with its usual practices an account or accounts evidencing the indebtedness resulting from each Advance, each Revolving Loan and each Term Loan made from time to time hereunder and the amounts of principal and interest payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such account or accounts shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations therein recorded.

*Section 11.2. Amendments and Waivers.* No amendment or waiver of any provision of this Agreement nor consent to any departure by the parties hereto shall in any event be effective unless the same shall be in writing and signed by such parties, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

*Section 11.3. Addresses for Notices.* Any notice required or permitted to be given under or in connection with this Agreement shall be in writing and shall be mailed by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid, or sent by telex, telegram, telecopy or other similar form of rapid transmission confirmed by mailing (by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid) written confirmation at substantially the same time as such rapid transmission, or personally delivered to an officer of the receiving party. All such communications shall be mailed, sent or delivered to the address or numbers set forth below, or as to each party at such other address or numbers as shall be designated by such party in a written notice to the other parties.

The Authority:

San Diego County Regional Airport Authority  
Commuter Terminal, 3rd Floor  
3225 North Harbor Drive  
San Diego, California 92101  
Attention: Vice President Finance & Asset  
Management/Treasurer  
Telephone: (619) 400-2802  
Facsimile: (619) 400-2801

with a copy to:

San Diego County Regional Airport Authority  
Commuter Terminal, 3rd Floor  
3225 North Harbor Drive  
San Diego, California 92101  
Attention: General Counsel  
Telephone: (619) 400-2802  
Facsimile: (619) 400-2801

The Lender: U.S. Bank National Association  
633 W. 5th Street, 25th Floor  
Los Angeles, California 90071  
Attention: Ashley Martin, Vice President  
Facsimile: (213) 615-6248  
Telephone: (310) 717-5900  
E-mail: ashley.martin1@usbank.com

With a copy to:

U.S. Bank National Association  
633 W. 5th Street, 25th Floor  
Los Angeles, California 90071  
Attention: Kenneth Haber, Senior Vice President  
Telephone: (818) 817-7235  
E-mail: Kenneth.Haber@usbank.com

The Trustee: U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Corporate Trust Services  
Telephone: 213.615.6023  
Facsimile: 213.615.6197

*Section 11.4. Survival of This Agreement.* All covenants, agreements, representations and warranties made in this Agreement shall survive the extension by the Lender of the Commitment and shall continue in full force and effect so long as the Commitment shall be unexpired or any sums drawn or due thereunder or any other obligations shall be outstanding and unpaid, regardless of any investigation made by any Person and so long as any amount payable hereunder remains unpaid. The agreement of the Authority to indemnify the Lender and each Indemnitee under Section 6.2 hereof shall continue in full force and effect notwithstanding a termination of the Commitment or the fulfillment of all Obligations. The obligations of the Authority under Sections 6.3 and 2.6(e) hereof shall also continue in full force and effect notwithstanding a termination of the Commitment or the fulfillment of all Obligations. Whenever in this Agreement the Lender is referred to, such reference shall be deemed to include the successors and assigns of the Lender and all covenants, promises and agreements by or on behalf of the Authority which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Lender. The rights and duties of the Authority may not be assigned or transferred without the prior written consent of the Lender, and all obligations of the Authority hereunder shall continue in full force and effect notwithstanding any assignment by the Authority of any of its rights or obligations under any of the Related Documents or any entering into, or consent by the Authority to, any supplement or amendment to, or termination of, any of the Related Documents.

*Section 11.5. Severability.* Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

*Section 11.6. Governing Law; Jurisdiction and Venue.* (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

(b) EACH OF PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA AND ANY COURT IN THE STATE OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST OR BY IT IN CONNECTION WITH THIS AGREEMENT OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RELATED THERETO, AND THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH CALIFORNIA STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. THE PARTIES AGREE THAT A FINAL NONAPPEALABLE JUDGMENT IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE AND AGREE NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THE RELATED DOCUMENTS OR THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS.

*Section 11.7. Successors and Assigns.*

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Authority, its successors, transferees and assigns and shall inure to the benefit of the Noteholders and their respective permitted successors, transferees and assigns. The Authority may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender. Notwithstanding anything to the contrary set forth herein, so long as no Event of Default shall have occurred and be continuing hereunder, U.S. Bank National Association may not assign its obligations to fund Advances and Loans pursuant to the terms of this Agreement without the prior written consent of the Authority (such consent not to be unreasonably withheld). Each Noteholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Note(s) and the other Related Documents in accordance with the provisions of paragraph (b) or (c) of this Section. Each Noteholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Noteholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section.



(b) *Sales and Transfers by Noteholder to a Lender Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Bonds to a Person that is (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to Qualified Transferees (each, a “*Lender Transferee*”). From and after the date of such sale or transfer, U.S. Bank National Association (and its successors) shall continue to have all of the rights of the Lender hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Lender hereunder, (B) any such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall be in a minimum amount of \$250,000, (C) the Authority and the Trustee shall be required to deal only with the Lender with respect to any matters under this Agreement and (D) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Lender shall be entitled to enforce the provisions of this Agreement against the Authority. Additionally, each Lender Transferee of all or a portion of the Note(s) shall be deemed to have acknowledged, represented, warranted and agreed with the Authority to all of the provisions set forth in the “*Noteholder Representations*” attached to the applicable Note. The Lender shall endeavor to provide written notice of such sale or transfer to the Authority and the Trustee for purposes of Section 2.04 of the Master Subordinate Trust Indenture. Upon the request of the Authority, the Lender shall provide the addresses and related information with respect to the Lender Transferee to the Authority.

Anything herein to the contrary notwithstanding, including without limitation Section 6.3 hereof, if any Lender Transferee shall incur increased costs or capital adequacy requirements as contemplated by Section 6.3 hereof, and such increased costs or capital adequacy requirements are greater than those that the Lender would have incurred had it not sold or otherwise transferred all or a portion of the Note(s) to such Lender Transferee provided for in this Section 11.7(b), then the Authority shall not be obligated to pay to such Lender Transferee any portion of the cost greater than that which the Authority would have paid under the provisions of Section 6.3 hereof had the Lender not sold or otherwise transferred all or a portion of the Note(s) to a Lender Transferee.

(c) *Sales and Transfers by Noteholder to a Non-Lender Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer all or any portion of the Note(s) to one or more transferees that the Lender reasonably believes is qualified to purchase or hold the Bonds which are not Lender Transferees but each of which constitutes a Qualified Transferee (each, a “*Non-Lender Transferee*”) if written notice of such sale or transfer, including that such sale or transfer is to a Non-Lender Transferee, together with addresses and related information with respect to the Non-Lender Transferee, shall have been given to the Authority, the Trustee and the Lender (if different than the Noteholder) by such selling Noteholder and Non-Lender Transferee; *provided, however*, that (x) in any such case the Authority and the Trustee shall be required to deal only with the Lender with respect to any matters under this Agreement and (y) any such sale or transfer shall be in a minimum amount of \$250,000. Additionally, each Non-Lender Transferee of all or a portion of the Note(s) shall be deemed to have acknowledged, represented, warranted and agreed with the Authority to all of the provisions set forth in the “*Noteholder Representations*” attached to the Notes. The Lender shall

endeavor to provide written notice of such sale or transfer to the Authority and the Trustee for purposes of Section 2.04 of the Master Subordinate Trust Indenture.

From and after the date the Authority, the Trustee and the selling Noteholder have received written notice, (A) the Non-Lender Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Noteholder (other than its obligation to fund Advances and Loans, as more fully set forth in paragraph (a) of this Section 11.7) hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Lender Transferee, and any reference to the assigning Noteholder hereunder and under the other Related Documents shall thereafter refer to such transferring Noteholder and to the Non-Lender Transferee to the extent of their respective interests, and (B) if the transferring Noteholder no longer owns any Notes, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents (other than its obligation to fund Advances and Loans, as more fully set forth in paragraph (a) of this Section 11.7); *provided, however*, that in any such case the Authority and the Trustee shall be required to deal only with the Lender with respect to any matters under this Agreement.

Anything herein to the contrary notwithstanding, including without limitation Section 6.3 hereof, if any Non-Lender Transferee shall incur increased costs or capital adequacy requirements as contemplated by Section 6.3 hereof, and such increased costs or capital adequacy requirements are greater than those that the Lender would have incurred had all or a portion of the Note(s) not been sold or otherwise transferred to such Non-Lender Transferee provided for in this Section 11.7(c), then the Authority shall not be obligated to pay to such Non-Lender Transferee any portion of the cost greater than that which the Authority would have paid under the provisions of Section 6.3 hereof had all or a portion of the Note(s) not been sold or otherwise transferred to such Lender Transferee.

(d) *Participations.* The Lender shall have the right to grant participations in all or a portion of the Lender's interest in the Notes, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however*, that (i) no such participation by any such participant shall in any way affect the obligations of the Lender hereunder and (ii) the Authority and the Trustee shall be required to deal only with the Lender, with respect to any matters under this Agreement, the Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Authority.

Anything herein to the contrary notwithstanding, including without limitation Section 6.3 hereof, if any Participant shall incur increased costs or capital adequacy requirements as contemplated by Section 6.3 hereof, and such increased costs or capital adequacy requirements are greater than those that the Lender would have incurred had it not granted a participation interest as provided for in this Section 11.7(d), then the Authority shall not be obligated to pay to such Participant any portion of the cost greater than that which the Authority would have paid under the provisions of Section 6.3 hereof had the Lender not granted such participation interest.

(e) *Certain Pledges.* The Lender may at any time pledge or grant a security interest in all or any portion of its rights under the Notes, this Agreement and the Related Documents to

secure obligations of the Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

*Section 11.8. No Setoff.* Notwithstanding anything to the contrary contained herein, the Lender, any Participant and any Noteholder hereby agrees that it will not assert any of its statutory or common law rights of setoff as the depository bank of the Authority in connection with the collection or repayment of any of the Obligations or any other obligation of the Authority owing to the Lender, any Participant or any Noteholder under this Agreement or the other Related Documents.

*Section 11.9. Headings.* Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

*Section 11.10. Counterparts.* This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, taken together, shall constitute but one and the same Agreement. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

*Section 11.11. Patriot Act.* The Lender hereby notifies the Authority that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Lender to identify the Authority in accordance with the Patriot Act. The Authority hereby agrees that it shall promptly provide such information upon request by the Lender.

**[The remainder of this page intentionally left blank]**

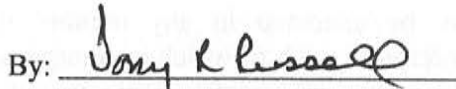
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: 

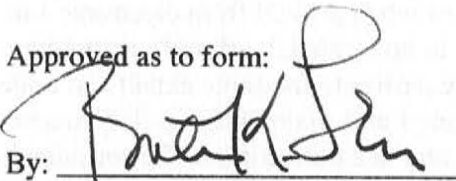
Thella F. Bowens,  
President and CEO

Attest:

By: 

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

Approved as to form:

By: 

Breton K. Lobner  
General Counsel

U.S. BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name: Kenneth Harber

Title: SVP and Managing Director



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_  
Thella F. Bowens,  
President and CEO

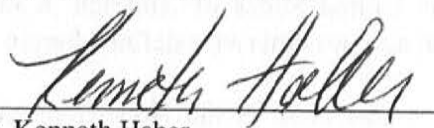
Attest:

By: \_\_\_\_\_  
Tony R. Russell  
Director, Corporate &  
Information Governance/  
Authority Clerk

Approved as to form:

By: \_\_\_\_\_  
Breton K. Lobner  
General Counsel

U.S. BANK NATIONAL ASSOCIATION

By:  \_\_\_\_\_  
Name: Kenneth Haber  
Title: Senior Vice President

**EXHIBIT A-1**

**[FORM OF NON-AMT NOTE]**

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES A  
NON-AMT NOTE**

Dated: September 5, 2014

\$125,000,000

For value received, the San Diego County Regional Airport Authority (the "Authority") promises to pay to the order of U.S. Bank National Association, and its successors and assigns (the "Lender"), located at 633 W. 5th Street, 25th Floor, Los Angeles, California 90071, the aggregate unpaid principal amount of all Non-AMT Revolving Loans and Non-AMT Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of September 1, 2014 (together with any amendments or supplements thereto, the "Agreement"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all Non-AMT Revolving Loans and Non-AMT Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the Non-AMT Note referred to in the Agreement and is entitled to the benefits thereof and of the Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Lender agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all Non-AMT Revolving Loans and Non-AMT Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Authority hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the provisions of the Agreement, that certain Master Subordinate Trust Indenture, dated as of September 1, 2007, (the "*Master Subordinate Trust Indenture*"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "*Trustee*"), as heretofore amended, and as amended from time to time in accordance with the terms thereof, and that certain Third Supplemental Subordinate Trust Indenture dated as of September 1, 2014 (the "*Third Supplemental Subordinate Trust Indenture*," and together with the Master Subordinate Trust Indenture, the "*Subordinate Trust Indenture*"), by and between the Authority and the Trustee. This Note constitutes a Subordinate Obligation within the meaning of the Subordinate Trust Indenture.

This Note is payable solely from the Subordinate Net Revenues in accordance with the Agreement, and this Note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The holder hereof shall not have the right to demand payment of this obligation from any sources or properties of the Authority except the Subordinate Net Revenues.

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

THIS NOTE AND THE INTEREST THEREON IS JUNIOR AND SUBORDINATE IN ALL RESPECTS TO THE SENIOR LIEN REVENUE BONDS AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CERTIFICATE OF AUTHENTICATION**

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Third Supplemental Subordinate Trust Indenture.

Date of Authentication: September 5, 2014

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

## NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Authority as follows:

1. If Noteholder is:
  - (a) a Lender Transferee, such Noteholder is either (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to Qualified Transferees; or
  - (b) a Non-Lender Transferee, such Noteholder is a transferee that the Lender reasonably believes is qualified to purchase or hold this Note which is not a Lender Transferee but which constitutes a Qualified Transferee.
2. The Noteholder has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase and/or acceptance of this Note.
3. The Noteholder is able to bear the economic risks of an investment in this Note.
4. The Noteholder understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. The Noteholder has made its own inquiry and analysis with respect to the Authority, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.
5. The Noteholder has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, this Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and/or accept this Note.
6. The Noteholder understands that this Note (a) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) is not listed on any stock or other securities exchange, and (c) carries no rating from any credit rating agency.
7. This Note is being acquired by the Noteholder for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Noteholder reserves the right to sell, transfer or redistribute this Note, but agrees that any such sale, transfer or distribution by the Noteholder shall be to a Person that is either a Lender Transferee or a Non-Lender Transferee.

**TRANSACTIONS  
ON  
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES A  
NON-AMT NOTE**

DATE	NON-AMT LOAN COMMITMENT	INTEREST RATE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	NOTATION MADE BY
------	----------------------------	------------------	--------------------------------	--------------------------------------	---------------------



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
Please insert Social Security or  
Taxpayer Identification Number of Transferee

/ \_\_\_\_\_ /

\_\_\_\_\_  
(Please print or typewrite name and address, including zip code, of Transferee)

\_\_\_\_\_  
the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
attorney to register the transfer of the within Note on the books kept for registration thereof, with  
full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be  
guaranteed by a member or participant  
of a signature guarantee program

\_\_\_\_\_  
NOTICE: The signature above must  
correspond with the name of the Owner as it  
appears upon the front of this Note in every  
particular, without alteration or enlargement  
or change whatsoever.

**EXHIBIT A-2**

**[FORM OF AMT NOTE]**

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES B  
AMT NOTE**

Dated: September 5, 2014

\$125,000,000

For value received, the San Diego County Regional Airport Authority (the "*Authority*") promises to pay to the order of U.S. Bank National Association, and its successors and assigns (the "*Lender*"), located at 633 W. 5th Street, 25th Floor, Los Angeles, California 90071, the aggregate unpaid principal amount of all AMT Revolving Loans and AMT Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of September 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all AMT Revolving Loans and AMT Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the AMT Note referred to in the Agreement and is entitled to the benefits thereof and of the Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Lender agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all AMT Revolving Loans and AMT Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Authority hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the provisions of the Agreement, that certain Master Subordinate Trust Indenture, dated as of September 1, 2007, (the "*Master Subordinate Trust Indenture*"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "*Trustee*"), as heretofore amended, and as amended from time to time in accordance with the terms thereof, and that certain Third Supplemental Subordinate Trust Indenture dated as of September 1, 2014 (the "*Third Supplemental Subordinate Trust Indenture*," and together with the Master Subordinate Trust Indenture, the "*Subordinate Trust Indenture*"), by and between the Authority and the Trustee. This Note constitutes a Subordinate Obligation within the meaning of the Subordinate Trust Indenture.

This Note is payable solely from the Subordinate Net Revenues in accordance with the Agreement, and this Note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The holder hereof shall not have the right to demand payment of this obligation from any sources or properties of the Authority except the Subordinate Net Revenues.

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

THIS NOTE AND THE INTEREST THEREON IS JUNIOR AND SUBORDINATE IN ALL RESPECTS TO THE SENIOR LIEN REVENUE BONDS AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CERTIFICATE OF AUTHENTICATION**

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Third Supplemental Subordinate Trust Indenture.

Date of Authentication: September 5, 2014

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

## NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Authority as follows:

1. If Noteholder is:
  - (a) a Lender Transferee, such Noteholder is either (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to Qualified Transferees; or
  - (b) a Non-Lender Transferee, such Noteholder is a transferee that the Lender reasonably believes is qualified to purchase or hold this Note which is not a Lender Transferee but which constitutes a Qualified Transferee.
2. The Noteholder has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase and/or acceptance of this Note.
3. The Noteholder is able to bear the economic risks of an investment in this Note.
4. The Noteholder understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. The Noteholder has made its own inquiry and analysis with respect to the Authority, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.
5. The Noteholder has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, this Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and/or accept this Note.
6. The Noteholder understands that this Note (a) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) is not listed on any stock or other securities exchange, and (c) carries no rating from any credit rating agency.
7. This Note is being acquired by the Noteholder for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Noteholder reserves the right to sell, transfer or redistribute this Note, but agrees that any such sale, transfer or distribution by the Noteholder shall be to a Person that is either a Lender Transferee or a Non-Lender Transferee.

**TRANSACTIONS**  
**ON**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES B**  
**AMT NOTE**

DATE	TAXABLE LOAN COMMITMENT	INTEREST RATE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	NOTATION MADE BY
------	----------------------------	------------------	--------------------------------	--------------------------------------	---------------------



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

---

Please insert Social Security or  
Taxpayer Identification Number of Transferee

\_\_\_\_\_/

---

(Please print or typewrite name and address, including zip code, of Transferee)

---

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

---

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

---

NOTICE: Signature(s) must be  
guaranteed by a member or participant  
of a signature guarantee program

---

NOTICE: The signature above must  
correspond with the name of the Owner as it  
appears upon the front of this Note in every  
particular, without alteration or enlargement  
or change whatsoever.

**EXHIBIT A-3**

**[FORM OF TAXABLE NOTE]**

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES C  
TAXABLE NOTE**

Dated: September 5, 2014

\$125,000,000

For value received, the San Diego County Regional Airport Authority (the "*Authority*") promises to pay to the order of U.S. Bank National Association, and its successors and assigns (the "*Lender*"), located at 633 W. 5th Street, 25th Floor, Los Angeles, California 90071, the aggregate unpaid principal amount of all Taxable Revolving Loans and Taxable Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of September 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all Taxable Revolving Loans and Taxable Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the Taxable Note referred to in the Agreement and is entitled to the benefits thereof and of the Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Lender agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all Taxable Revolving Loans and Taxable Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Authority hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the provisions of the Agreement, that certain Master Subordinate Trust Indenture, dated as of September 1, 2007, (the "*Master Subordinate Trust Indenture*"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "*Trustee*"), as heretofore amended, and as amended from time to time in accordance with the terms thereof, and that certain Third Supplemental Subordinate Trust Indenture dated as of September 1, 2014 (the "*Third Supplemental Subordinate Trust Indenture*," and together with the Master Subordinate Trust Indenture, the "*Subordinate Trust Indenture*"), by and between the Authority and the Trustee. This Note constitutes a Subordinate Obligation within the meaning of the Subordinate Trust Indenture.

This Note is payable solely from the Subordinate Net Revenues in accordance with the Agreement, and this Note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The holder hereof shall not have the right to demand payment of this obligation from any sources or properties of the Authority except the Subordinate Net Revenues.

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

THIS NOTE AND THE INTEREST THEREON IS JUNIOR AND SUBORDINATE IN ALL RESPECTS TO THE SENIOR LIEN REVENUE BONDS AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CERTIFICATE OF AUTHENTICATION**

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Third Supplemental Subordinate Trust Indenture.

Date of Authentication: September 5, 2014

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

## NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Authority as follows:

1. If Noteholder is:
  - (a) a Lender Transferee, such Noteholder is either (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to Qualified Transferees; or
  - (b) a Non-Lender Transferee, such Noteholder is a transferee that the Lender reasonably believes is qualified to purchase or hold this Note which is not a Lender Transferee but which constitutes a Qualified Transferee.
2. The Noteholder has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase and/or acceptance of this Note.
3. The Noteholder is able to bear the economic risks of an investment in this Note.
4. The Noteholder understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. The Noteholder has made its own inquiry and analysis with respect to the Authority, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.
5. The Noteholder has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, this Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and/or accept this Note.
6. The Noteholder understands that this Note (a) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) is not listed on any stock or other securities exchange, and (c) carries no rating from any credit rating agency.
7. This Note is being acquired by the Noteholder for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Noteholder reserves the right to sell, transfer or redistribute this Note, but agrees that any such sale, transfer or distribution by the Noteholder shall be to a Person that is either a Lender Transferee or a Non-Lender Transferee.

**TRANSACTIONS**  
**ON**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES C**  
**TAXABLE NOTE**

DATE	TAXABLE LOAN COMMITMENT	INTEREST RATE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	NOTATION MADE BY
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ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

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Please insert Social Security or  
Taxpayer Identification Number of Transferee

\_\_\_\_\_

---

(Please print or typewrite name and address, including zip code, of Transferee)

---

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

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attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

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NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

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NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or change whatsoever.

**EXHIBIT B**

**[FORM OF REQUEST FOR ADVANCE]**

**REQUEST FOR ADVANCE AND REVOLVING LOAN**

U.S. Bank National Association  
633 W. 5th Street, 25th Floor  
Los Angeles, California 90071  
Attention: Ashley Martin, Vice President  
Facsimile: (213) 615-6248  
Telephone: (310) 717-5900  
E-mail: ashley.martin1@usbank.com

With a copy to:

U.S. Bank National Association  
633 W. 5th Street, 25th Floor  
Los Angeles, California 90071  
Attention: Kenneth Haber, Senior Vice President  
Telephone: (818) 817-7235  
E-mail: Kenneth.Haber@usbank.com

Ladies and Gentlemen:

The undersigned, a Designated Representative, refers to the Revolving Credit Agreement, dated as of September 1, 2014 (together with any amendments or supplements thereto, the "Agreement"), by and between the San Diego County Regional Airport Authority (the "Authority") and U.S. Bank National Association (the "Lender") (the terms defined therein being used herein as therein defined) and hereby requests, pursuant to Section 2.3 of the Agreement, that the Lender make an Advance under the Agreement, and in that connection sets forth below the following information relating to such Advance (the "Proposed Advance"):

1. The Business Day of the Proposed Advance is \_\_\_\_\_, 20\_\_ (the "Advance Date"), which is at least three New York Banking Days after the date hereof.

2. The principal amount of the Proposed Advance is \$ \_\_\_\_\_, which is not greater than the Available Commitment as of the Advance Date set forth in 1 above.

3. The aggregate amount of the Proposed Advance shall be used solely for the payment of **[Cost of a Project]** or **[costs of issuance in connection with this Agreement]** or **[any other purpose permitted under the Act]**.



4. The Proposed Advance is hereby identified as **[an AMT Revolving Loan] [a Non-AMT Revolving Loan] [a Taxable Revolving Loan]**<sup>1</sup>. The Proposed Advance shall constitute **[an AMT Loan bearing interest at the Tax-Exempt LIBOR Rate] [a Non-AMT Loan bearing interest at the Tax-Exempt LIBOR Rate] [a Taxable Loan bearing interest at the Taxable LIBOR Rate]**.

5. **[For a Proposed Advance that will be a Non-AMT Loan bearing interest at the Tax-Exempt LIBOR Rate:]** The principal amount of the Proposed Advance set forth in 2 above does not exceed the Non-AMT Loan Commitment as of the Advance Date set forth in 1 above.

**[For a Proposed Advance that will be an AMT Loan bearing interest at the Tax-Exempt LIBOR Rate:]** The principal amount of the Proposed Advance set forth in 2 above does not exceed the AMT Loan Commitment as of the Advance Date set forth in 1 above.

**[For a Proposed Advance that will be a Taxable Loan bearing interest at the Taxable LIBOR Rate:]** The principal amount of the Proposed Advance set forth in 2 above does not exceed the Taxable Loan Commitment as of the Advance Date set forth in 1 above.

6. After giving effect to the Proposed Advance, the aggregate principal amount of all Loans outstanding under the Agreement will not exceed the Available Commitment.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Advance Date, before and after giving effect thereto:

- (a) the undersigned is a Designated Representative;
- (b) the representations and warranties of the Authority set forth in Article VII of the Agreement and in each other Related Document are true and correct in all material respects as though made on the date hereof and on the date of Advance Date;
- (c) no Default or Event of Default has occurred and is continuing;
- (d) no Material Adverse Change has occurred;
- (e) after giving effect to the Proposed Advance, the aggregate principal amount of all Loans outstanding under the Agreement will not exceed [the Initial Commitment Amount][or, following a reduction of the Available Commitment pursuant

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<sup>1</sup> With respect to an Advance for an AMT Revolving Loan, U.S. Bank, as Lender, should confirm that is has received evidence that an IRS Form 8038 has been duly completed by the Authority and signed by the Authority; and with respect to an Advance for Non-AMT Revolving Loan, U.S. Bank, as Lender, should confirm that is has received evidence that an IRS Form 8038-G has been duly completed by the Authority and signed by the Authority.

to Section 2.7 of the Agreement) the Available Commitment]. The proposed amount of the Proposed Advance does not exceed the Available Commitment; and

(f) the Authority has not received actual notice (either verbal or written) from Bond Counsel that the opinion delivered pursuant to Section 2.4(a)(v) of the Agreement may no longer be relied upon. The Lender shall have received satisfactory evidence that all representations and certifications of the Authority that the Lender deems necessary to maintain the tax-exempt status of the interest on any Tax-Exempt Loan have been delivered and are true and correct.

The Proposed Advance shall be made by the Lender by wire transfer of immediately available funds to the undersigned in accordance with the instructions set forth below:

**[Insert wire instructions]**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Very truly yours,

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT C

[FORM OF REQUEST FOR EXTENSION]

REQUEST FOR EXTENSION

[Date]

U.S. Bank National Association  
633 W. 5th Street, 25th Floor  
Los Angeles, California 90071  
Attention: Ashley Martin, Vice President  
Facsimile: (213) 615-6248  
Telephone: (310) 717-5900  
E-mail: ashley.martin1@usbank.com

With a copy to:

U.S. Bank National Association  
633 W. 5th Street, 25th Floor  
Los Angeles, California 90071  
Attention: Kenneth Haber, Senior Vice President  
Telephone: (818) 817-7235  
E-mail: Kenneth.Haber@usbank.com

Ladies and Gentlemen:

Reference is made to the Revolving Credit Agreement dated as of September 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*") by and between the undersigned, the San Diego County Regional Airport Authority (the "*Authority*") and U.S. Bank National Association (the "*Lender*"). All terms defined in the Agreement are used herein as defined therein.

The Authority hereby requests, pursuant to Section 2.8 of the Agreement, that the Commitment Expiration Date with respect to the Available Commitment as of the date hereof be extended by one year to \_\_\_\_\_, \_\_\_\_\_. Pursuant to such Section 2.8, we have enclosed with this request the following information:

1. A reasonably detailed description of any and all Defaults that have occurred and are continuing;
2. Confirmation that all representations and warranties of the Authority as set forth in Article VII of the Agreement and each Related Document are true and correct as though made on the date hereof and that no Default or Event of Default has occurred and is continuing on the date hereof; and

3. Any other pertinent information previously requested by the Lender.

The Lender is asked to notify the Authority of its decision with respect to this request within 60 days of the date of receipt hereof. If the Lender fails to notify the Authority of the Lender's decision within such 60-day period, the Lender shall be deemed to have rejected such request.

Very truly yours,

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT D**

**[FORM OF NOTICE OF TERMINATION]**

**NOTICE OF TERMINATION**

San Diego County Regional Airport Authority  
Commuter Terminal, 3rd Floor  
3225 North Harbor Drive  
San Diego, California 92101  
Attention: Vice President Finance/Treasurer

Ladies and Gentlemen:

We refer to the Revolving Credit Agreement dated as of September 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*") by and between the San Diego County Regional Airport Authority (the "*Authority*") and the undersigned, U.S. Bank National Association. Any term below which is defined in the Agreement shall have the same meaning when used herein.

We hereby notify you that an Event of Default has occurred under Section 10.1\_\_ of the Agreement. As a result, unless and until you have been advised otherwise by us:

1. The Available Commitment **[has been automatically]/[is hereby]** reduced to \$0.00 and the Lender has no further obligation to make Advances under the Agreement; and
2. The Commitment **[has been automatically]/[is]** terminated and will no longer be reinstated.

IN WITNESS WHEREOF, we have executed and delivered this Notice as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT E**

**[FORM OF NOTICE OF TERMINATION OR REDUCTION]**

**NOTICE OF TERMINATION OR REDUCTION**

**[Date]**

U.S. Bank National Association

633 W. 5th Street, 25th Floor  
Los Angeles, California 90071  
Attention: Ashley Martin, Vice President  
Facsimile: (213) 615-6248  
Telephone: (310) 717-5900  
E-mail: ashley.martin1@usbank.com

With a copy to:

U.S. Bank National Association  
633 W. 5th Street, 25th Floor  
Los Angeles, California 90071  
Attention: Kenneth Haber, Senior Vice President  
Telephone: (818) 817-7235  
E-mail: Kenneth.Haber@usbank.com

Ladies and Gentlemen:

Re: Revolving Credit Agreement dated as of September 1, 2013

The San Diego County Regional Airport Authority (the "*Authority*"), through its undersigned, an Authorized Authority Representative, hereby certifies to U.S. Bank National Association (the "*Lender*"), with reference to the Revolving Credit Agreement dated as of September 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*") by and between the Authority and the Lender (the terms defined therein and not otherwise defined herein being used herein as therein defined):

**[(1) The Authority hereby informs you that the Commitment is terminated in accordance with the Agreement.]**

OR

**[(1) The Authority hereby informs you that the Available Commitment is reduced from [insert amount as of the date of Certificate] to [insert new amount], such reduction to be effective on \_\_\_\_\_.]**

IN WITNESS WHEREOF, the Authority has executed and delivered this Notice this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**EXHIBIT F**

**[FORM OF NOTICE OF REDUCTION]**

**NOTICE OF REDUCTION**

**[Date]**

San Diego County Regional Airport Authority  
Commuter Terminal, 3rd Floor  
3225 North Harbor Drive  
San Diego, California 92101  
Attention: Vice President Finance/Treasurer

Ladies and Gentlemen:

We hereby notify you that pursuant to Section 2.7(a) of the Revolving Credit Agreement, dated as of September 1, 2014, by and between the undersigned, the San Diego County Regional Airport Authority (the "*Authority*") and U.S. Bank National Association (the "*Lender*"), the Available Commitment is reduced from **[insert amount as of the date of Certificate]** to **[insert new amount]**, such reduction to be effective on \_\_\_\_\_.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT G**

**[FORM OF NOTICE OF EXTENSION]**

**NOTICE OF EXTENSION**

**[Date]**

San Diego County Regional Airport Authority  
Commuter Terminal, 3rd Floor  
3225 North Harbor Drive  
San Diego, California 92101  
Attention: Vice President Finance/Treasurer

Ladies and Gentlemen:

We hereby notify you that pursuant to Section 2.8 of the Revolving Credit Agreement, dated as of September 1, 2014, by and between the San Diego County Regional Airport Authority (the "*Authority*") and the undersigned, U.S. Bank National Association (the "*Lender*"), the Commitment Expiration Date with respect to the Commitment as of the date hereof shall be extended \_\_\_\_\_ to \_\_\_\_\_, \_\_\_\_\_. Your acknowledgment hereof shall be deemed to be your representation and warranty that all your representations and warranties contained in Article VII of the Agreement and each other Related Document are true and correct and will be true and correct as of the date hereof and that no Default or Event of Default has occurred and is continuing.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged as of \_\_\_\_\_, \_\_\_\_\_ by

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Memo to File

**Date:** June 9, 2014  
**To:** FILE  
**By:** Alan Parker, Senior Procurement Analyst  
**From:** **Evaluation Panel:** Scott Brickner, Michael Sears, Geoff Bryant & Kathy Keifer  
**Copy:** Thella Bowens, President/CEO; Scott Brickner, Vice President – Finance/Treasure, Jana Vargas, Director – Procurement  
**Subject:** Letter of Credit or Bank Loan RFP

**Background:** On April 15, 2014 the Authority issued the above subject RFP. Notice of the RFP was advertised in the *San Diego Daily Transcript* and on the *Authority's Website*.

**Small Business Preference:** 5.12. In accordance with Policy 5.12, the following recommended firm received a small business preference: None.

### Business Type Participation –

**Prospective Firms:** 26 firms viewed the opportunity. The business types are as follows:  
 0 FBPC, 0 DVB, 0 DBE, 0 MIC, 0 OSB, 0 SBE, 1 MBE, 1 WBE, and  
 3 Local.

**Submitted Proposals:** The Authority received 8 proposals on May 7, 2014. Per the President/CEO rights to conduct or not conduct interviews, as per Part 10., Section A. "Authority's Reservation of Rights" contained within the solicitation document, the President/CEO elected to forgo the interview process and issue a recommendation directly to Authority Board based on the results of the evaluation panel's final rankings of the proposals presented below:

Firms	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Total	Final Rank
Bank of America	2	2	2	2	8	2
Bank of Tokyo Mitsubishi	4	4	4	4	16	4
Barclays Bank PLC	3	3	3	3	12	3
Citibank, NA	8	8	8	8	32	8
JP Morgan Securities LLC	6	6	6	6	24	6
RBC Capital Markets, LLC	7	7	7	7	28	7
State Street Bank and Trust	5	5	5	5	20	5
US Bank	1	1	1	1	4	1

Combined Scores	SB Preference	Cost / Fees	Credit Quality	Termination Fee	Exception to Agreement	Downgrade	Additional Provisions	Total
Bank of America	0	1800	390	360	400	320	400	3270
Bank of Tokyo Mitsubishi	0	1600	350	360	400	400	340	3110
Barclays Bank PLC	0	1800	320	360	400	320	340	3200
Citibank, NA	0	0	310	320	400	400	280	1430
JP Morgan Securities LLC	0	1400	400	270	400	280	370	2750
RBC Capital Markets, LLC	0	400	350	260	400	360	340	1770
State Street Bank and Trust	0	1400	350	360	400	320	400	2830
US Bank	0	2000	400	320	400	360	370	3480

**Recommendation:** Award an agreement to U.S. Bank for a 3 year term.



SAN DIEGO COUNTY  
REGIONAL AIRPORT AUTHORITY  
**STAFF REPORT**

Item No.  
**19**

Meeting Date: JULY 7, 2014

**Subject:**

**Authorization of a Revolving Line of Credit for an Amount up to \$125,000,000**

**Recommendation:**

Adopt Resolution No. 2014-0076, (1) authorizing the issuance and/or incurrence of San Diego County Regional Airport Authority subordinate airport revenue revolving obligations from time to time in the form of a revolving line of credit in an aggregate principal amount not-to-exceed \$125,000,000; (2) revoking the authorization to issue commercial paper notes; and (3) approving a Third Supplemental Subordinate Trust Indenture, a Revolving Credit Agreement, Promissory Notes, a Fourth Supplemental Senior Trust Indenture and certain related matters.

**Background/Justification:**

The Authority currently utilizes a commercial paper program (CP) to provide a variable rate component in its debt portfolio and, when required, to provide an interim capital funding source. The Letter of Credit that supports the CP program will expire on September 10, 2014. The Authority has determined that it is necessary to maintain a variable rate debt program and interim capital funding vehicle. The proposed new program will be used to refinance \$44.9 million of outstanding CP notes and may be used for interim funding of the Parking Plaza project or other future capital projects. A Request for Proposals ("RFP") for a short-term borrowing facility (i.e., CP program or revolving line of credit) was issued in April 2014 whereby 26 firms viewed the RFP opportunity and 8 proposals were received on May 7, 2014. Authority staff with legal counsel have negotiated and agreed upon final terms for a revolving line of credit with the highest ranking respondent, U.S. Bank National Association ("US Bank" or the "Bank"). The revolving line of credit would be a Subordinate Obligation (as defined in the Master Subordinate Indenture) of the Authority. Comparison of the all-in-cost for the respondent's proposals, based upon a \$125 million dollar program over a three year term at current interest rates, is presented below:

**Commercial Paper****Revolving Line of Credit**

	LOC Fees and CP Interest	Other Costs <sup>1</sup>	All-In-Costs		Revolver Fees	Other Costs <sup>2</sup>	All-In-Costs
Bank 1	\$ 1,837,621	\$428,860	\$ 2,266,482	US Bank	\$1,775,664	\$ 190,000	\$ 1,965,664
Bank 2	\$ 2,041,996	\$428,860	\$ 2,470,857	Bank 2	\$1,878,399	\$ 190,000	\$ 2,068,399
Bank 3	\$ 2,246,371	\$428,860	\$ 2,675,232	Bank 3	\$2,364,371	\$ 190,000	\$ 2,554,371
Bank 4	\$ 3,145,621	\$428,860	\$ 3,574,482				
Bank 5	\$ 3,390,871	\$428,860	\$ 3,819,732				
Bank 6 and 7	Best offering was evaluated as Revolving Line of Credit						

<sup>1</sup>Includes Re-Marketing, Legal, Financial Advisory and  
Rating Agency Fees

<sup>2</sup>Includes Legal and Financial Advisory Fees

The evaluation panelists' rankings and combined scores of the respondents are presented below:

Firms	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Total	Final Rank
Bank of America	2	2	2	2	8	2
Bank of Tokyo Mitsubishi	4	4	4	4	16	4
Barclays Bank PLC	3	3	3	3	12	3
Citibank, NA	8	8	8	8	32	8
JP Morgan Securities LLC	6	6	6	6	24	6
RBC Capital Markets, LLC	7	7	7	7	28	7
State Street Bank and Trust	5	5	5	5	20	5
US Bank	1	1	1	1	4	1

Combined Scores	Small Business Preference	Cost/ Fees	Credit Quality	Termination Fee	Exception to Agreement	Downgrade pricing	Additional Provisions	Total
Bank of America	0	1800	390	350	400	320	400	3270
Bank of Tokyo Mitsubishi	0	1600	350	350	400	400	340	3110
Barclays Bank PLC	0	1800	320	360	400	320	340	3200
Citibank, NA	0	0	310	320	400	400	280	1430
JP Morgan Securities LLC	0	1400	400	270	400	280	370	2750
RBC Capital Markets, LLC	0	400	350	260	400	360	340	1770
State Street Bank and Trust	0	1400	350	360	400	320	400	3830
US Bank	0	2000	400	320	400	360	370	3480

Master Trust Indenture. The Authority previously entered into a Master Trust Indenture ("Master Senior Indenture"), dated as of November 1, 2005, as amended and supplemented, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A. (the "Senior Trustee"). The Master Senior Indenture (1) is the financing document that sets forth the general terms of the Authority's pledge of Net Revenues ("Net Revenues") to secure *senior* lien airport revenue bonds ("Senior Lien Bonds"), and (2) provides for the terms and conditions upon which Senior Lien Bonds may be issued by the Authority. Section 5.06 of the Master Senior Indenture also authorizes the Authority, from time to time, to incur indebtedness payable from Net Revenues on a *subordinate* basis to the payment of the Senior Lien Bonds.

Master Subordinate Trust Indenture. The Authority entered into a Master Subordinate Trust Indenture (the "Master Subordinate Indenture"), dated September 1, 2007, as amended and supplemented, by and between the Authority and U.S. Bank National Association, as successor trustee (the "Subordinate Trustee"). This financing document sets forth the general terms of the Authority's pledge of Net Revenues on a subordinate basis (the "Subordinate Net Revenues") and provides for the terms and conditions upon which subordinate bonds and notes ("Subordinate Obligations"), including the revolving line of credit, may be issued by the Authority. The pledge of Subordinate Net Revenues under the Master Subordinate Indenture is junior and subordinate to the pledge of Net Revenues under the Master Senior Indenture under which Senior Lien Bonds, including the Series 2013 Bonds, have been issued, but is on parity with Subordinate Lien Bonds, including the Series 2010 Bonds.

The Master Subordinate Indenture sets forth all of the terms, conditions, covenants and obligations that must be met by the Authority to issue Subordinate Obligations, including, among other things: (1) the conditions that must be met in order for the Authority to issue additional Subordinate Obligations payable from Subordinate Net Revenues; (2) the Authority's obligation to establish and maintain certain funds and accounts; and (3) the Authority's required compliance with covenants, including a rate maintenance covenant.

The Authority staff has determined that it is necessary and advisable to refinance the subordinate commercial paper program with a revolving line of credit provided by US Bank. In addition to the bank financing document ("Revolving Credit Agreement"), the revolving line of credit will require the Authority to enter into a Third Supplemental Subordinate Trust Indenture (the "Third Supplemental Subordinate Indenture") by and between the Authority and the Subordinate Trustee.

The Third Supplemental Subordinate Indenture is the financing document that will set forth the general terms of the revolving line of credit, including, among other things, a pledge of Subordinate Net Revenues to repay any obligations arising under the Revolving Credit Agreement and the establishment of certain funds and accounts. The pledge of Subordinate Net Revenues under the Third Supplemental Subordinate Indenture is the same as a pledge under the Master Subordinate Indenture.



Upon adoption of the attached Resolution No. 2014-0076, the Board will be approving the following:

1) Revolving Line of Credit

The incurrence of Subordinate Obligations in the form of the revolving line of credit in an aggregate principal amount not to exceed \$125,000,000 outstanding at any one time in order to, refinance the maturing subordinate commercial paper program (including termination of the program) and provide an interim funding source for future capital projects. Additional authorization is granted for the President/CEO to negotiate an extension to the revolving line of credit for up to three (3) additional years upon the same or more advantageous financial terms and provisions.

2) Revolving Credit Agreement and Third Supplemental Subordinate Indenture

Execution of the Revolving Credit Agreement with US Bank (Attachment A). The US Bank Revolving Credit Agreement provides the revolving line of credit with the following key terms:

- Tax Exempt pricing: 75% of 1 month Libor + 42 basis points
- Taxable pricing: 1 month Libor + 60 basis points
- Unutilized Pricing : 37 basis points
- Three (3) year term

The Finance committee has reviewed a draft version of the Revolving Credit Agreement. The final version is now before the Board. The substantive changes inserted in the final agreements are:

- Qualified Transferee definition restricted to include only banks and organizations. Thus, in section 11.7(c) "Notes" may not be transferred from US Bank to individual investors.
- Sections 6.3 and 6.4 (c), the Authority's requirement to pay lender for increased costs due to law and tax changes extended from 30 days to 60 days
- Section 11.6, Removed Waiver of Jury Trial and instead agreed, in section 8.29, to consent to Waiver of Jury Trial if such clause is incorporated into other future agreements

The Third Supplemental Subordinate Indenture (Attachment B) sets forth the general terms of the revolving line of credit as described above.

3) The Fourth Supplemental Senior Indenture

Execution of the Fourth Supplemental Senior Indenture (Attachment C) will amend certain provisions of the Master Senior Indenture in order to clarify that non-cash obligations will not be included in operations and maintenance expenses used in the calculation of the Rate Covenant and the Additional Bonds Test.



**Fiscal Impact:**

The revolving line of credit will allow the Authority to refinance the maturing subordinate commercial paper program whose letter of credit is expiring. The revolving line of credit will provide a variable rate borrowing facility and an interim funding source for future capital projects. Adequate funding for the revolving line of credit is included in the adopted FY 2015 and conceptually approved FY 2016 Budgets within the debt service line item (assuming no additional borrowing). FY 2017 and FY 2018 revolving line of credit costs will be included in future budget requests.

**Authority Strategies:**

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

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

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

**Application of Inclusionary Policies:**

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

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

In accordance to Policy 5.12, the recommended firm, US Bank, received 0% small business preference.

**Prepared by:**

SCOTT BRICKNER  
VICE PRESIDENT, FINANCE AND ASSET MANAGEMENT/TREASURER

000164

RESOLUTION NO. 2014-0076

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE ISSUANCE AND/OR INCURRENCE OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS FROM TIME TO TIME IN THE FORM OF A REVOLVING LINE OF CREDIT IN AN AGGREGATE PRINCIPAL AMOUNT NOT-TO-EXCEED \$125,000,000; REVOKING THE AUTHORIZATION TO ISSUE COMMERCIAL PAPER NOTES; AND APPROVING A THIRD SUPPLEMENTAL SUBORDINATE TRUST INDENTURE, A REVOLVING CREDIT AGREEMENT, PROMISSORY NOTES, A FOURTH SUPPLEMENTAL SENIOR TRUST INDENTURE AND CERTAIN RELATED MATTERS.

WHEREAS, the San Diego County Regional Airport Authority ("Authority") is a local government entity of regional government, with jurisdiction extending throughout the County of San Diego ("County"), organized and existing pursuant to the provisions of the Constitution of the State of California ("State") and § 170000 *et seq.* of the California Public Utilities Code ("Act"); and

WHEREAS, the Authority has been formed for the purposes of: (a) operating the Airport System (as defined in the hereinafter defined Master Senior Indenture), (b) planning and operating any future airport that could be developed as a supplement or replacement to San Diego International Airport (Lindbergh Field) ("Airport"), (c) developing a comprehensive land use plan, as it may relate to the Airport System, for the entire County, and (d) serving as the region's airport land use commission; and

WHEREAS, the Authority assumed exclusive use, management, operation, regulation, policing and control of the Airport System, as set forth in the Act, and other related facilities upon the transfer of such exclusive use, management, operation, regulation, policing and control from the San Diego Unified Port District in January 2003; and

WHEREAS, the Act provides that the Authority shall have the power to issue bonds, from time to time, payable from revenue of any facility or enterprise operated, acquired, or constructed by the Authority, for any of the purposes authorized under the Act in accordance with the Revenue Bond Law of 1941 Chapter 6 (commencing with §54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with § 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and

the limitations set forth in California Government Code § 54402(b), which shall not apply to the issuance and sale of bonds pursuant to the Act; and

WHEREAS, the Act provides that the Airport System or any or all facilities and all additions and improvements that the board of directors of the Authority ("Board") authorizes to be acquired or constructed and any purpose, operation, facility, system, improvement, or undertaking of the Authority from which revenues are derived or otherwise allocable, which revenues are, or may by resolution or ordinance be, required to be separately accounted for from other revenues of the Authority, shall constitute an enterprise within the meaning of California Government Code § 54309; and

WHEREAS, the Authority has determined that it is necessary and advisable to issue, from time to time, Subordinate Obligations (as defined in the Master Subordinate Indenture) for the purposes set forth in the Act and the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended ("Master Subordinate Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee ("Subordinate Trustee"), and that such Subordinate Obligations be payable from and secured by Subordinate Net Revenues (as defined in the Master Subordinate Indenture); and

WHEREAS, the Authority has determined that it is in the best interest of the Authority to have the capacity to issue and/or incur Subordinate Obligations in the form of short-term revenue obligations, in order to provide funds to finance and refinance the acquisition, construction, rehabilitation and equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, the Authority has determined that it is appropriate and beneficial for the purposes of the Authority to issue and/or incur such short-term revenue obligations, from time to time, in the form of "San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations" ("Subordinate Revolving Obligations") which shall be issued and/or incurred in the form of a revolving line of credit ("Revolving Line of Credit") to be provided by one provider of revolving lines of credit ("Line of Credit Provider") as a means of providing funds to finance and refinance the acquisition, construction, rehabilitation and equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, the Revolving Line of Credit will be provided to the Authority by U.S. Bank pursuant to a revolving credit agreement (each a "Credit Agreement") to be entered into by and between the Authority and U.S. Bank, whereby the Authority will be allowed to request Advances (as defined in the Credit Agreement), from time to time, in an aggregate principal amount not-to-exceed \$125,000,000 at any one time outstanding to finance or refinance on either a reimbursement or forward funding basis the acquisition, construction, rehabilitation or equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, the Advances, the Revolving Loans (as defined in the Credit Agreement) and the Term Loans (as defined in the Credit Agreement) will be incurred pursuant to the Act, certain other provisions of the laws of the State (including California Government Code § 53580 *et seq.*), the Master Subordinate Indenture, the Third Supplemental Subordinate Indenture (as hereinafter defined) and the Credit Agreement; and

WHEREAS, the obligations incurred by the Authority pursuant to the terms of the Credit Agreement (including, but not limited to, the Advances, the Revolving Loans and the Term Loans) will be special obligations of the Authority, secured by, and payable from Subordinate Net Revenues and such other funds and accounts as provided in the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture and will be evidenced by one or more promissory notes ("Notes"); and

WHEREAS, the Advances, the Revolving Loans and the Term Loans may be incurred under the Credit Agreement whereby the interest paid by the Authority on such Advances, Revolving Loans and Term Loans may be (i) excluded from the gross income of the recipients thereof under the varying provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or related thereto (collectively, the "Code") or (ii) included in the gross income of the recipients thereof under the Code; and

WHEREAS, the Authority, will be required to execute and deliver the Notes to U.S. Bank to evidence the amounts owed by the Authority on all Advances, Revolving Loans and Term Loans; and

WHEREAS, the Authority previously determined that it was appropriate and beneficial for the purposes of the Authority to implement a commercial paper program as a means of providing funds to finance and refinance the acquisition, construction, rehabilitation and equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and



WHEREAS, pursuant to Resolution No. 2007-0096 adopted by the Board on September 6, 2007 ("Resolution No. 2007-0096") and the First Supplemental Subordinate Trust Indenture, dated as of September 1, 2007 ("First Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee, the Authority implemented a commercial paper program through the issuance, from time to time, of Subordinate Airport Revenue Commercial Paper Notes, Series A (Non-AMT), Series B (AMT), and Series C (Taxable) (collectively, the "Commercial Paper Notes") in an aggregate principal amount not to exceed \$250,000,000 outstanding at any one time; and

WHEREAS, in connection with the authorization to issue and/or incur the Subordinate Revolving Obligations, from time to time, the Authority has determined that it is in the best interest of the Authority to terminate the authorization to issue the Commercial Paper Notes; and

WHEREAS, the Authority has determined that it is in its best interests to amend certain provisions of the Master Trust Indenture, dated as of November 1, 2005, as amended ("Master Senior Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as trustee ("Senior Trustee"); and

WHEREAS, the amendments to the Master Senior Indenture shall be provided in the Fourth Supplemental Senior Indenture (as hereinafter defined); and

WHEREAS, there have been presented to the Board the following documents:

- (a) a form of the Third Supplemental Subordinate Trust Indenture ("Third Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee;
- (b) a form of the Credit Agreement;
- (c) forms of the Notes (which are attached to the Third Supplemental Subordinate Indenture and the Credit Agreement); and
- (d) a form of the Fourth Supplemental Trust Indenture ("Fourth Supplemental Senior Indenture"), by and between the Authority and the Senior Trustee; and

WHEREAS, said documents will be modified and amended to reflect the various details applicable to the Subordinate Revolving Obligations and the Revolving Line of Credit.

NOW, THEREFORE, BE IT RESOLVED by the Board of the San Diego County Regional Airport Authority that:

Section 1. Issuance and/or Incurrence of Subordinate Revolving Obligations; Terms of Subordinate Revolving Obligations. For the purposes set forth in the foregoing recitals, the Board hereby authorizes (a) the issuance and/or incurrence, from time to time, of the Subordinate Revolving Obligations in the form of the Revolving Line of Credit to be provided by U.S. Bank or, if determined by the President/CEO (Executive Director) of the Authority to be in the best interests of the Authority, by the Other Line of Credit Provider, as applicable, pursuant to one or more Credit Agreements, provided that the aggregate principal amount of all Subordinate Revolving Obligations outstanding at any time shall not exceed \$125,000,000, and (b) incurrence of the other Obligations (as defined in the Credit Agreement) under the Credit Agreement, the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture. U.S. Bank's or the Other Line of Credit Provider's commitment to make Advances under the applicable Credit Agreement shall have a term not exceeding three (3) years unless such date is earlier terminated pursuant to the terms of the applicable Credit Agreement or extended, reduced or rescinded by a subsequent resolution of the Board (and approved by U.S. Bank or the Other Line of Credit Provider, as applicable), and any Term Loan made under each Credit Agreement shall have a term not exceeding three (3) years. The outstanding principal amount of each Revolving Loan and each Term Loan shall bear interest at the interest rates set forth in each Credit Agreement. Notwithstanding anything to the contrary in the previous sentence or the provisions of this Resolution, interest payable by the Authority on any Revolving Loan or Term Loan shall not exceed the Maximum Rate (as defined in the Credit Agreement); provided, however, if the rate of interest calculated in accordance with the terms of each Credit Agreement exceeds the Maximum Rate, interest at the rate equal to the difference between the rate of interest calculated in accordance with the terms of the applicable Credit Agreement and the Maximum Rate shall be deferred until such date as the rate of interest calculated in accordance with the terms of the applicable Credit Agreement ceases to exceed the Maximum Rate, at which time the Authority shall pay U.S. Bank or the Other Line of Credit Provider, as applicable, the deferred interest as provided in the applicable Credit Agreement.

The Revolving Line of Credit is being obtained to provide funds, from time to time, to finance on either a reimbursement or forward funding basis the acquisition, construction, rehabilitation and equipping of capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority).

The Authority shall be obligated to repay U.S. Bank or the Other Line of Credit Provider, as applicable, for all Advances, Revolving Loans and Term Loans and pay all Obligations owed to U.S. Bank or the Other Line of Credit Provider, as applicable, and such Advances, Revolving Loans, Term Loans and Obligations shall be payable, both with respect to interest and principal as provided for in the Master Subordinate Indenture, the Third Supplemental

Subordinate Indenture, the Credit Agreement and the Notes. The Advances, the Revolving Loans and the Term Loans may be incurred under the Credit Agreement whereby the interest paid by the Authority on such Revolving Loans and Term Loans is excluded from gross income for federal income tax purposes or not excluded or part excluded and part not excluded in such combination as is acceptable to the Designated Representative (as hereinafter defined) authorizing the same.

The terms of each Advance shall, consistent with this Resolution and the Third Supplemental Subordinate Indenture, be set forth in a Request for Advance and Revolving Loan (as described in the Credit Agreement) delivered to U.S. Bank or the Other Line of Credit Provider, as applicable, by a Designated Representative.

Section 2. Pledge to Secure the Advances, the Revolving Loan, the Term Loans, the Notes and the Obligations. The pledge to secure the Subordinate Revolving Obligations, the Advances, the Revolving Loan, the Term Loans, the Notes and the Obligations as set forth in the Master Subordinate Indenture, the Third Supplemental Subordinate Indenture, each Credit Agreement and the Notes is hereby approved.

Section 3. Special Obligations; Subordinate Obligations. The Advances, the Revolving Loan, the Term Loans, the Notes and the Obligations shall be special obligations of the Authority, secured by, and payable from, Subordinate Net Revenues and from the funds and accounts held by the Subordinate Trustee and the Authority under the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture, as and to the extent therein described. The Advances, the Revolving Loan, the Term Loans, the Notes and the Obligations shall also be secured by and be paid from such other sources as the Authority may hereafter provide.

The Subordinate Revolving Obligations shall be issued as Subordinate Obligations as provided for in Section 2.09 of the Master Subordinate Indenture.

Section 4. Approval of Documents; Authorization for Execution. The form, terms and provisions of the Fourth Supplemental Senior Indenture, the Third Supplemental Subordinate Indenture, the Credit Agreement and the Notes (collectively, the "Documents") are in all respects approved and the President/CEO (Executive Director) of the Authority and the Vice President, Finance & Asset Management and Treasurer of the Authority, any one or more thereof (each a "Designated Officer"), are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Documents including counterparts thereof, in the name and on behalf of the Authority. The Documents, as executed and delivered, shall be in substantially the forms now before this meeting and hereby approved, with such changes therein approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or



revisions therein from the forms of the Documents now before this meeting; and from and after the execution and delivery of the Documents, the officers, agents and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Documents.

Section 5. Trustee, Paying Agent and Registrar. The Board hereby appoints U.S. Bank National Association as trustee, paying agent and registrar for the Subordinate Revolving Obligations. Such appointments shall be effective upon the adoption of this Resolution and shall remain in effect until the Authority shall, by supplemental indenture or by resolution, name a substitute or successor thereto.

Section 6. Designated Representatives. The Board hereby appoints the President/CEO (Executive Director) of the Authority, the Vice President, Finance & Asset Management and Treasurer of the Authority, or any Vice President serving in an acting or interim capacity, as "Designated Representatives" of the Authority under the terms of this Resolution, the Third Supplemental Subordinate Indenture and each Credit Agreement. The Designated Representatives are, and each of them is, hereby authorized and are hereby directed to perform those duties set forth in the Documents including, without limitation, the execution of a Request for Advance and Revolving Loan (as described in the Credit Agreement). The Designated Representatives are, and each of them is, also authorized to make representations, certifications and warranties in connection with implementing and obtaining the Revolving Line of Credit and the issuance and/or incurrence of Advances, Revolving Loans and Term Loans as and when required in the Documents and the certifications and agreements relating to the federal tax exemption with regards to certain advances. The Designated Representatives are hereby further authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Documents.

Section 7. Additional Authorization. Each Designated Officer and all officers, agents and employees of the Authority, for and on behalf of the Authority, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Documents and to carry out the terms thereof. Each Designated Officer, each Designated Representative and all officers, agents and employees of the Authority are further authorized and directed, for and on behalf of the Authority, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution, the Third Supplemental Subordinate Indenture, each Credit Agreement, the Fourth Supplemental Senior Indenture or to evidence the same authority and its exercise. The foregoing authorization includes, but is in no way limited to, authorizing Authority staff to pay costs of issuance of implementing and obtaining the Revolving Line of Credit and fees and costs of U.S. Bank and any Other Line of Credit Provider, as applicable, authorizing the investment of the proceeds of the Advances in one or

more of the permitted investments provided for under the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture, and authorizing the execution by a Designated Officer, or any one of them, of one or more tax compliance certificates as required by the Third Supplemental Subordinate Indenture and each Credit Agreement for the purpose of complying with the rebate requirements of the Code.

**Section 8. Revocation of the Authorization to Commercial Paper Notes.** For the purposes set forth in the foregoing recitals, upon the repayment of the Commercial Paper Notes, and any other amounts due and payable with respect to the Commercial Paper Notes, with proceeds of one or more Revolving Loans, the Board hereby revokes the authorization previously granted under Resolution No. 2007-0096 and the First Supplemental Subordinate Indenture to issue Commercial Paper Notes.

**Section 9. Release of Pledge Securing the Commercial Paper Notes.** Upon the repayment of the Commercial Paper Notes, and any other amounts due and payable with respect to the Commercial Paper Notes, with proceeds of one or more Revolving Loans, the Board hereby directs the Subordinate Trustee to cancel, discharge and release the pledge of Subordinate Net Revenues securing the Commercial Paper Notes and further to cancel, discharge and release the First Supplemental Subordinate Indenture.

**Section 10. Costs of Issuance.** Funds of the Authority are hereby authorized, together with the proceeds of one or more Revolving Loans, to be used to pay costs of issuance of implementing and obtaining the Revolving Line of Credit, including but not limited to costs of attorneys, accountants, financial advisors, the costs and expenses of U.S. Bank or the Other Line of Credit Provider, as applicable, the costs associated with rating agencies, printing, publication and mailing expenses, and any related filing fees.

**Section 11. Severability.** The provisions of this Resolution are hereby declared to be severable and, if any section, phrase or provisions shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

**Section 12. Governing Law.** This resolution shall be construed and governed in accordance with the laws of the State of California.

**Section 13. Repeal of Inconsistent Resolutions.** All other resolutions of the Board, or parts of resolutions, inconsistent with this Resolution, are hereby repealed to the extent of such inconsistency.

**Section 14. Effective Date of Resolution.** This Resolution shall take effect from and after its passage and approval.

Section 15. BE IT FURTHER RESOLVED by the Board, that it finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code § 21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code § 30106).

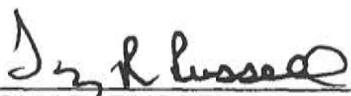
PASSED, ADOPTED AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7<sup>th</sup> day of July, 2014, by the following vote:

AYES: Board Members: Cox, Desmond, Gleason, Hubbs, Smisek

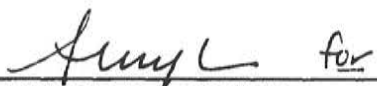
NOES: Board Members: None

ABSENT: Board Members: Alvarez, Boland, Robinson, Sessom

ATTEST:

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

APPROVED AS TO FORM:

 for  
\_\_\_\_\_  
BRETON K. LOBNER  
GENERAL COUNSEL

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**

**REQUEST FOR PROPOSALS for**

**Letter of Credit and or Bank Loan**

The San Diego County Regional Airport Authority ("Authority") seeks proposals from:

1. syndicates to be led by an agent bank; or
2. individual institutions, including institutions willing to provide a commitment individually or (ii) institutions that are willing to lead or serve as part of a syndicate of individual institutions selected by the Authority.

In the event that the Authority elects to select a syndicate under option 1, or create a syndicate under option 2(ii) above, the Authority shall: (a) limit its interactions and negotiations to the lead bank and pay only one set of attorney fees and (b) require notice of changes in the syndicate.

("Respondent") to provide:

1. an Irrevocable Direct Pay Letter of Credit to support the non-AMT/AMT/Taxable Subordinate Airport Revenue Commercial Paper Notes ("CP Notes"),
2. a revolving direct funded loan/line of non-AMT/AMT/Taxable indexed notes with drawdown and prepayment flexibility similar to a traditional commercial paper program; and/or,
3. a fixed rate (taxable) loan in the approximate amount of \$25.955 million to be repaid in equal monthly installments from the commencement of the loan to July 1, 2019.

Financial institutions may offer to provide one or more of these types of facilities. Based upon the proposals received, the Authority will evaluate the most attractive facility or mix of facilities to meet its funding requirements.

**Pre-Submittal Conference:** (Attendance is not mandatory). This conference will be held in the Boardroom Conference Room at 9:00am, on April 23, 2014.

**Proposal Due Date and Time:** 2:00pm, on May 7, 2014.

You must be a registered Vendor on the Authority's website to view this opportunity and receive Addenda notices. Vendor registration link: <http://www.san.org/business>.

During the Vendor registration process you will be asked to select a Business Category. The Business Category for this opportunity is: 520000 Credit Intermediation and Related Activities

Department #: 25  
Pub. Apr 16-00119911

**\$100,000,000**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**SUBORDINATE AIRPORT REVENUE DRAWDOWN BONDS**  
**SERIES A (NON-AMT)**  
**SERIES B (AMT)**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2017

San Diego County Regional  
Airport Authority  
Commuter Terminal, 3rd Floor  
3225 North Harbor Drive  
San Diego, CA 92101

RBC Capital Markets, LLC (together with its successors and assigns, the “*Underwriter*”) offers to enter into this Bond Purchase Agreement (this “*Agreement*”) with the San Diego County Regional Airport Authority (the “*Authority*”), which, upon acceptance, will be binding upon the Authority and the Underwriter. This offer is made subject to the Authority’s acceptance, which acceptance shall be evidenced by the execution and delivery of this Agreement by the Authority prior to 1:00 p.m., New York City time, on \_\_\_\_\_, 2017 (such date being herein referred to as the “*Effective Date*”), and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the Authority at any time prior to acceptance; *provided*, that the obligation of the Underwriter to purchase any Subseries (as defined in the hereinafter defined Fourth Supplemental Subordinate Trust Indenture) of the Drawdown Bonds (as such term is defined in the Fourth Supplemental Subordinate Trust Indenture), and to advance any Drawings (as hereafter defined), shall be subject to the terms and conditions hereof, including, without limitation, Section 4 hereof.

To induce the Underwriter to purchase each Subseries of Drawdown Bonds and to advance Drawings (as hereinafter defined) under each Subseries of Drawdown Bonds, the Authority and RBC Municipal Products, LLC, as purchaser of each Subseries of Drawdown Bonds from the Underwriter (the “*Purchaser*”), have entered into that certain Bondholder’s Agreement dated as of \_\_\_\_\_, 2017 (as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms, the “*Bondholder’s Agreement*”), which contains certain additional terms and agreements pertaining to the Drawdown Bonds. Capitalized terms used herein and not defined shall have the meanings assigned thereto in the Fourth Supplemental Subordinate Trust Indenture and, to the extent not defined therein, in the Bondholder’s Agreement.

**SECTION 1. PURCHASE AND SALE OF DRAWDOWN BONDS.**

(a) *Subseries of Drawdown Bonds; Purchases; Commitment End Date.* Upon the terms and conditions and upon the basis of the representations and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriter one or more Subseries of Drawdown Bonds. The Drawdown Bonds shall be

issued in Subseries, shall bear interest at the variable rates set forth in, and shall mature on those dates as set forth in the Fourth Supplemental Subordinate Trust Indenture. Each Subseries of Drawdown Bonds shall be issued in an original maximum stated principal amount up to \$100,000,000. Each Subseries of the Drawdown Bonds shall be purchased by the Underwriter by paying to the Trustee for the account of the Authority, on the Issuance Date of such Subseries, an amount equal to 100% of the principal amount of the initial Drawing under such Subseries of Drawdown Bonds. Each Purchase of a Subseries of Drawdown Bonds that are AMT Drawdown Bonds is referred to herein as an “*AMT Purchase*” and each Purchase of Drawdown Bonds that are Non-AMT Drawdown Bonds is referred to herein as a “*Non-AMT Purchase*” and each AMT Purchase and Non-AMT Purchase is referred to herein as a “*Purchase*.” The outstanding principal amount of each Subseries of the Drawdown Bonds will be equal to 100% of the outstanding Drawings under such Subseries. The aggregate principal amount of all Drawings outstanding under all Drawdown Bonds shall not exceed \$100,000,000. No Subseries of the Drawdown Bonds may be issued and no Purchase of any Subseries of Drawdown Bonds shall be advanced by the Underwriter after [\_\_\_\_\_, 2020], or such earlier date on which the Underwriter’s commitment to purchase any Subseries of Drawdown Bonds is terminated at the election of the Authority or the Underwriter pursuant to Section 9 hereof or pursuant to the Bondholder’s Agreement or, if any such date is not a Business Day, the next preceding Business Day (“*Commitment End Date*”) and which date may be extended with the written consent of the Authority and the Underwriter.

(b) *Initial Subseries.* On the Effective Date, or such later date as determined by the Authority (the “*Initial Purchase Date*”), the Authority shall issue and the Underwriter shall purchase one or more Subseries of Drawdown Bonds that will be Non-AMT Drawdown Bonds and/or AMT Drawdown Bonds and that will be designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Subseries A-1 (Non-AMT)” and/or “San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Subseries B-1 (AMT)”, respectively (the “*Initial Subseries*”). The principal amount of the initial Drawing under the Initial Subseries shall be in an amount not less than \$5,000,000. The Underwriter shall wire the principal amount of the initial Drawing under the Initial Subseries, to the Authority on the Initial Purchase Date, so long as the conditions precedent set forth herein are satisfied.

(c) *Subsequent Issuances.* Following the issuance of the Initial Subseries, subject to the terms and conditions herein (including, without limitation, Section 4(f) hereof) and the terms and conditions set forth in the Fourth Supplemental Subordinate Trust Indenture, the Authority shall notify the Underwriter of the need for a Purchase of a new Subseries of Drawdown Bonds by providing to the Underwriter a request for purchase substantially in the form attached hereto as Exhibit A-1 or A-2, as applicable (each, a “*Request for Purchase*”) no less than ten (10) Business Days prior to the proposed purchase date of such Subseries (each date, including the Initial Issuance Date, an “*Issuance Date*”). Upon and in accordance with the immediately preceding sentence, the Underwriter shall purchase each Subseries of Drawdown Bonds set forth in such Request for Purchase by wiring immediately available funds to the Authority no later than 1:00 p.m., New York City time, on the Issuance Date specified in the Request for Purchase; *provided, however,* the Underwriter shall have received evidence satisfactory to the Underwriter in its sole discretion that all conditions to such Purchase set forth in this Agreement and the Fourth Supplemental Subordinate Trust Indenture have been satisfied; *provided, further,* that no Purchase

of any Drawdown Bonds shall be permitted hereunder on any Issuance Date if the aggregate principal amount of all Purchases and Drawings to be made on such Issuance Date would exceed the Available Commitment as in effect on such Issuance Date. Each Purchase of a subsequent Subseries of Drawdown Bonds shall be in a minimum principal amount of \$1,000,000.

(d) *Drawings.* Each Subseries of the Drawdown Bonds shall be initially purchased by the Underwriter by paying to the Trustee for the account of the Authority, on the date of issuance of such Subseries, an amount equal to 100% of the principal amount of the initial Drawing advanced to the Authority on such date of issuance and, on and after such date of issuance but prior to the Commitment End Date, the Underwriter shall pay to the Trustee for the account of the Authority draw down installments on the date of each Drawing with respect to such Subseries (each such date, a “*Drawing Date*”); *provided*, that if any Drawing Date is not an Interest Payment Date (as defined in the Fourth Supplemental Subordinate Trust Indenture), then the Underwriter shall also pay to the Trustee, for the account of the Authority, an amount equal to all accrued interest on the principal amount of such Drawing of such Subseries of the Drawdown Bonds from and including the Interest Payment Date occurring immediately prior to such Drawing Date, to but not including such Drawing Date. Each Drawing with respect to the AMT Drawdown Bonds is referred to herein as a “*AMT Drawing*” and each Drawing with respect to the Non-AMT Drawdown Bonds is a “*Non-AMT Drawing*” and each AMT Drawing and Non-AMT Drawing is sometimes referred to herein as a “*Drawing*.” The outstanding principal amount of each Subseries of the Drawdown Bonds will be equal to 100% of the aggregate principal amount of all outstanding Drawings with respect to such Subseries of the Drawdown Bonds. No Subseries of the Drawdown Bonds may be issued and no Drawing under any Subseries of Drawdown Bonds shall be advanced by the Underwriter after the Commitment End Date. No AMT Drawing on the AMT Drawdown Bonds shall be permitted hereunder if the principal amount of such AMT Drawing, when added to the principal amount of all outstanding AMT Drawings under the AMT Drawdown Bonds and all outstanding Non-AMT Drawings under the Non-AMT Drawdown Bonds, would exceed the Commitment Amount. No Non-AMT Drawing on the Non-AMT Drawdown Bonds shall be permitted hereunder if the principal amount of such Non-AMT Drawing, when added to the principal amount of all outstanding Non-AMT Drawings under the Non-AMT Drawdown Bonds and all outstanding AMT Drawings under the AMT Drawdown Bonds, would exceed the Commitment Amount. The total outstanding aggregate amount of all AMT Drawings under the AMT Drawdown Bonds and all Non-AMT Drawings under the Non-AMT Drawdown Bonds shall not exceed the Commitment Amount. The Authority shall cause each Subseries of Drawdown Bonds to be delivered through the Fast Automated Securities Transfer system of DTC.

(e) *Initial Drawing; Subsequent Drawings.* The principal amount of the initial drawing under the Initial Subseries shall be in a principal amount not less than \$5,000,000. The principal amount of each subsequent Drawing under any Drawdown Bonds, shall be in an amount not less than \$1,000,000. Following the Issuance Date of each Subseries of Drawdown Bonds, subject to the terms and conditions herein (including, without limitation, Section 4(f) hereof), the terms and conditions set forth in the Fourth Supplemental Subordinate Trust Indenture, the Authority shall notify the Underwriter of the need for a Drawing under such Subseries of Drawdown Bonds by providing to the Underwriter a request for drawing substantially in the form attached hereto as Exhibit B-1 or B-2, as applicable (each, a “*Request for Drawing*”) and duly executed by a



Designated Representative at least five (5) Business Days prior to the date on which a requested Drawing is to be made. Upon and in accordance with the immediately preceding sentence, the Underwriter shall pay the principal amount of each Drawing under a Subseries of Drawdown Bonds no later than to 10:00 a.m. California time on the date of such Drawing designated by the Authority; *provided, however*, the Underwriter shall have received evidence satisfactory to the Underwriter that all conditions to such Drawing set forth in this Agreement and the Fourth Supplemental Subordinate Trust Indenture have been satisfied. The Underwriter shall not be required (A) to honor AMT Drawings under the AMT Drawdown Bonds if, after giving effect to such AMT Drawing, the total aggregate principal of all outstanding AMT Drawings and Non-AMT Drawings would exceed the Commitment Amount, or (B) to honor Non-AMT Drawings under the Non-AMT Drawdown Bonds if, after giving effect to such Non-AMT Drawing, the total aggregate principal of all outstanding Non-AMT Drawings and AMT Drawings would exceed the Commitment Amount.

(f) *Bond Documentation.* Each Subseries of Drawdown Bonds shall be issued pursuant to the San Diego County Regional Airport Authority Act, Division 17 (Section 170000 *et seq*) of the Public Utilities Code of the State of California (the “Act”), and the Master Subordinate Trust Indenture, dated as of September 1, 2007 (as heretofore amended or supplemented and as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms hereof and thereof, the “*Master Subordinate Trust Indenture*”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), and the Fourth Supplemental Subordinate Trust Indenture dated as of \_\_\_\_\_, 2017 (as amended, supplemented, restated or otherwise modified in accordance with the terms hereof and thereof, the “*Fourth Supplemental Subordinate Trust Indenture*” and, together with the Master Subordinate Trust Indenture, the “*Subordinate Trust Indenture*”), by and between the Authority and the Trustee. The Drawdown Bonds will constitute Subordinate Obligations under the Subordinate Trust Indenture.

(g) *Terms of Drawdown Bonds.* All Subseries of Drawdown Bonds shall be dated the dates, bear interest at the rates, mature on those dates, be subject to redemption and repayment and be subject to any and all other terms as specified and set forth in the Fourth Supplemental Subordinate Trust Indenture.

(h) *Investment Trust.* The Authority acknowledges and agrees that (i) the Underwriter intends to sell each Subseries of Drawdown Bonds to the Purchaser for a price equal to the principal amount of each initial Drawing under each such Subseries of Drawdown Bonds, (ii) the Purchaser may have an ownership interest in secondary market securities of which the Subseries of Drawdown Bonds form the underlying asset and (iii) the Purchaser contemplates a deposit of the Drawdown Bonds into a common law trust, a statutory trust under the Delaware statutory trust statute or another type of trust or arrangement established by the Purchaser or an affiliate of the Purchaser (each such trust referred to herein as a “*Trust*”), and Royal Bank will be the initial Credit Protection Provider for the Trust.

(i) *No Advisory or Fiduciary Duty.* The Authority acknowledges and agrees that (i) the purchase and sale of the Drawdown Bonds pursuant to this Agreement is an arm’s-length commercial transaction between the Authority and the Underwriter and the Underwriter’s

affiliates, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter and the Underwriter's affiliates are and have been acting solely as principal and are not acting as a municipal advisor (as defined in Section 15B(e)(4) of the Securities Exchange Act of 1934, as amended, or the agent or fiduciary of the Authority, (iii) neither the Underwriter nor any of the Underwriter's affiliates has assumed an advisory or fiduciary responsibility in favor of the Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter or the Underwriter's affiliates has provided other services or is currently providing other services to the Authority on other matters) and neither the Underwriter nor its affiliates has any obligation to the Authority with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (iv) the Authority has consulted with its own legal, financial and other advisors to the extent it has deemed appropriate, and (v) the Underwriter and the Underwriter's affiliates have financial and other interests that differ from those of the Authority

(j) At any time that the Drawdown Bonds are no longer maintained in book-entry form, the Authority shall provide definitive forms of the Drawdown Bonds and provide for the transfer and exchange of the Drawdown Bonds in a manner satisfactory to the Underwriter and the Purchaser.

## SECTION 2. REPRESENTATIONS AND AGREEMENTS.

The Authority represents and warrants to the Underwriter as of the Effective Date, as of the Issuance Date and as of the date of each Drawing (each a "*Drawing Date*") that:

*Section 2.1. Organization; Existence.* The Authority is duly organized and validly existing as a local government entity of regional government organized and existing pursuant to the Act.

*Section 2.2. Power and Authority.* The Authority has (and had at the time of adoption, execution, delivery, issuance, sale or performance) full power, right and authority to (a) execute, deliver and perform its obligations under this Agreement and each of the Related Documents to which it is a party, and any and all instruments and documents required to be executed, adopted or delivered pursuant to or in connection herewith or therewith; (b) borrow amounts under the Subordinate Trust Indenture and hereunder and to execute, deliver and perform its obligations under the each Subseries of Drawdown Bonds and to repay the Obligations at the times and in the manner set forth in the Bondholder's Agreement and under the Drawdown Bonds and the Subordinate Trust Indenture; (c) possess, manage and operate the Airport System and carry on its business as now conducted; and (d) perform each and all of the matters and things herein and therein provided for and the Authority has complied in all material respects with the laws of the State in all matters relating to such execution, delivery and performance.

*Section 2.3. Due Authorization.* This Agreement, the Subordinate Trust Indenture and each of the Related Documents to which the Authority is a party have been duly authorized, executed, issued and delivered. This Agreement, the Subordinate Trust Indenture, each Subseries of Drawdown Bonds and each of the Related Documents to which the Authority is a party

constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as such enforceability may be limited by the valid exercise of judicial discretion and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium, or other similar laws and equitable principles relating to or affecting creditors' rights generally from time to time in effect. The Obligations are payable from and secured by Subordinate Net Revenues as set forth herein and in the Subordinate Trust Indenture. Each Subseries of Drawdown Bonds will be duly issued, executed and delivered in conformity with the Act and the Subordinate Trust Indenture, and constitute legal, valid and binding special obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by the valid exercise of judicial discretion and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium, or other similar laws and equitable principles relating to or affecting creditors' rights generally from time to time in effect, and entitled to the benefit and security of the Subordinate Trust Indenture.

*Section 2.4. Necessary Actions Taken.* The Authority has taken all actions necessary to be taken by it (a) for the execution and delivery of each Subseries of Drawdown Bonds as Subordinate Obligations; (b) for the execution, adoption and delivery by the Authority of any and all instruments and the taking of all such other actions on the part of the Authority as may be necessary or appropriate for the effectuation and consummation of the transactions on the part of the Authority contemplated by this Agreement and the Related Documents or in connection herewith or therewith; and (c) to authorize or approve, as appropriate, the execution or adoption, issuance and delivery of, and the performance of its obligations under and the transactions contemplated by this Agreement and each of the Related Documents to which it is a party and the payment of the Obligations and each Subseries of Drawdown Bonds at the times and in the manner set forth.

*Section 2.5. No Contravention* The execution and delivery of this Agreement and each of the Related Documents to which the Authority is a party and compliance with the provisions hereof and thereof, will not conflict with or result in a violation of the Constitution or the laws of the State, including any debt limitations or other restrictions or conditions on the debt issuing power of the Authority, and will not conflict with or result in a violation of, or breach of, or constitute a default under, any law, judgment, order, decree or administrative regulation or any of the terms, conditions or provisions of the Act, the Master Senior Indenture or the Subordinate Trust Indenture or any ordinance, judgment, decree, contract, loan agreement, note, bond, resolution, indenture, mortgage, deed of trust or other agreement or instrument to which the Authority is a party or by which it or any property of the Authority is bound and will not, except as expressly provided herein, result in the imposition or creation of any lien, charge, or encumbrance upon or invalidate or adversely affect in any way the Subordinate Net Revenues. The Authority has not received any notice, not subsequently withdrawn, given in accordance with the remedy provisions of any bond resolution or ordinance, trust indenture, guarantee or agreement or State law pertaining to bonds or notes secured by the Subordinate Net Revenues, of any default or event of default of the Authority which has not been cured, remedied or waived.

*Section 2.6. Compliance* The current collection of Subordinate Net Revenues and the management of the Airport System and the accounting and recordkeeping therefor are in material

compliance with all applicable state and federal laws and all applicable resolutions, ordinances and rules of the Authority. **[The Authority is in compliance with all laws, ordinances, orders, rules and regulations applicable to it, except to the extent non-compliance could not reasonably be expected to have a Material Adverse Effect.]** The Authority is in compliance with the terms and conditions of the Subordinate Trust Indenture and each of the other Related Documents to which it is a party, and no breach of the terms hereof or thereof has occurred and is continuing, and no Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default has occurred and is continuing.

*Section 2.7. No Default.* No default by the Authority has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness issued by the Authority and secured by the Subordinate Net Revenues. No bankruptcy, insolvency or other similar proceedings pertaining to the Authority or any agency or instrumentality of the Authority are pending or presently contemplated.

*Section 2.8. No Public Vote, Referendum or Legal Change.* (a) To the best knowledge of the Authority, there is no proposed amendment to the Constitution of the State or any proposed public vote, referendum or other ballot initiative, the effect of which could reasonably be expected to have a Material Adverse Effect.

(b) There is no amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any public vote or referendum or other ballot initiative or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect.

*Section 2.9. No Immunity* Under existing law, the Authority is not entitled to raise the defense of sovereign or governmental immunity in connection with any legal proceedings to enforce or collect upon the Bondholder's Agreement, the Drawdown Bonds, the Related Documents or the transactions contemplated hereby or thereby, including, without limitation, the payment of the Obligations; *provided, however*, that a claimant shall be required to comply with the provisions of the Tort Claims Act set forth in California Government Code Section 810 *et seq.* in tort or contract suits, actions or proceedings brought against the Authority.

*Section 2.10. Litigation* There is no action, investigation, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the Authority or the Airport System or any arbitration in which service of process has been completed against the Authority or the Airport System or, to the knowledge of the Authority, any other action, investigation, suit or proceeding pending or threatened in any court, any other governmental authority with jurisdiction over the Authority or the Airport System or any arbitration, in either case against the Authority or the Airport System or any of their respective properties or revenues, or any of the Related Documents to which it is a party, which if determined adversely to the Authority would adversely affect (A) the legality, validity or enforceability of this Agreement, the Drawdown Bonds or the Related Documents to which it is a party, (B) the validity, enforceability or perfection of the pledge of and lien on the Subordinate Net Revenues or on the amounts held in funds, accounts and subaccounts under the Subordinate Trust Indenture, (C) the status of the Authority as a local

government entity of regional government, organized and validly existing under the laws of the State, (D) the exemption of interest on the Drawdown Bonds from the gross income of the recipients thereof for Federal income tax purposes, or (E) the rights and remedies of the Purchaser and/or Owner Representative under any of the Related Documents or which is reasonably likely to have a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Effective Date as to which the Underwriter has received an opinion of counsel satisfactory to the Underwriter, in form and substance satisfactory to the Underwriter and its counsel, to the effect that such action, suit or proceeding is without substantial merit.

*Section 2.11. Disclosure* All information, reports and other papers and data with respect to the Authority furnished to the Underwriter, at the time the same were so furnished, were accurate in all material respects. Any financial, budget and other projections furnished to the Underwriter were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections.

*Section 2.12. Financial Information.* The Authority has delivered to the Underwriter a copy of the audited financial statements for the Authority and the Airport System for the fiscal year ended June 30, 2016. These together with related notes, fairly present the financial position and results of operation of the Authority and the Airport System as of the date and for the periods therein set forth. All such financial statements have been prepared in accordance with GAAP. There has been no material adverse change in the financial position, including the Net Revenues and Subordinate Net Revenues, results of operations or projections of revenues of the Airport System since June 30, 2016, except as disclosed in writing to the Underwriter prior to the Effective Date, which would be reasonably likely to result in a Material Adverse Effect. The Authority has no material contingent liabilities or other material contracts or commitments payable from Subordinate Net Revenues which are not reflected in such financial statements previously delivered to the Underwriter or in the notes thereto or otherwise as disclosed to the Underwriter.

*Section 2.13. Official Signatures.* An Authorized Authority Representative has and had full power and authority to execute, deliver and perform under this Agreement and each of the Related Documents to which the Authority is a party. Any agreement, certificate or request signed by or on behalf of any Authorized Authority Representative or Designated Representative and delivered to the Underwriter shall be deemed a representation and warranty by the Authority to the Underwriter as to the truth, accuracy and completeness of the statements made by the Authority therein.

*Section 2.14. Incorporation of Representations and Warranties by Reference* The Authority hereby makes to the Underwriter the same representations and warranties made by the Authority in each Related Document to which the Authority is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Underwriter with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. Except as permitted by Section 6.15 of the Bondholder's Agreement, no amendment to such representations and warranties or defined terms made pursuant to any Related Document shall be effective to

amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Underwriter.

*Section 2.15. Environmental Matters.* To the best knowledge of the Authority, the operations of the Airport System (i) have not become subject to any Environmental Liability nor does the Authority know of any basis for any Environmental Liability and (ii) are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations (including all Environmental Laws) and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action would have a Material Adverse Effect. The Authority has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law.

*Section 2.16. Security; Pledge of Subordinate Net Revenues Securing Obligations.* The Subordinate Trust Indenture creates, for the benefit of the Purchaser and the other Owners, with respect to the payment of the principal of and interest on the Drawdown Bonds and the Obligations, the legally valid, binding and irrevocable lien on and pledge of the Subordinate Net Revenues. There is no lien on the Subordinate Net Revenues other than the liens created by the Subordinate Trust Indenture. None of the Master Senior Trust Indenture, the Master Subordinate Trust Indenture or the Fourth Supplemental Subordinate Trust Indenture permit the issuance of any Debt secured by the Subordinate Net Revenues to rank senior to the payment of the principal of and interest on the Subordinate Obligations (including, but not limited to, the Drawdown Bonds and the Obligations), other than the Senior Lien Revenue Bonds and reserves established with respect to the Senior Lien Revenue Bonds. The payment of the Obligations ranks on a parity with the payment of the principal of and interest on the other Subordinate Obligations and is not subordinate to any payment secured by a lien on the Subordinate Net Revenues or any other claim other than payments with respect to the principal of, purchase price, premium, if any, and interest on the Senior Lien Revenue Bonds and the funding of reserves therefor as set forth in the Master Subordinate Trust Indenture and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien. No filing, registration, recording or publication of the Subordinate Trust Indenture or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the lien created thereby on the Subordinate Net Revenues to secure the Drawdown Bonds and the Obligations. As of the Effective Date, there is no indebtedness of the Authority payable from or secured by the Subordinate Net Revenues or amounts held in funds, accounts or subaccounts under the Subordinate Trust Indenture or any portion thereof on a basis that is on a parity with the Obligations other than the Subordinate Obligations existing as of the Effective Date. The Obligations and the Drawdown Bonds constitute “Subordinate Obligations” for purposes of the Subordinate Trust Indenture.

*Section 2.17. Tax Exempt Status of Drawdown Bonds.* The Authority has not taken any action and knows of no action that any other Person has taken which would cause interest on any Drawdown Bond to be included in the gross income of the recipients thereof for Federal income tax purposes.

*Section 2.18. Margin Regulations.* The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Drawdown Bonds, any Purchases or any Drawings hereunder were used, and no other amounts received from the Purchaser pursuant to the Bondholder's Agreement or from the Underwriter pursuant to this Agreement will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

*Section 2.19. The Drawdown Bonds.* The Drawdown Bonds will be duly issued and the Drawdown Bonds and the Obligations shall constitute Subordinate Obligations under the Subordinate Trust Indenture and will be entitled to the benefits thereof.

*Section 2.20. Pari Passu.* Under the laws of the State, the obligation of the Authority under this Agreement and the Subordinate Trust Indenture to pay interest at the applicable Drawdown Rate, the Default Rate or the Taxable Drawdown Rate as set forth herein constitutes a charge and lien on the Subordinate Net Revenues equal to and on a parity with the charge and lien upon the Subordinate Net Revenues for the payment of the other Obligations and the principal of and interest on the Drawdown Bonds and all other Subordinate Obligations under the Subordinate Trust Indenture, and, with respect to Net Revenues, subordinate only to the Senior Lien Revenue Bonds and reserves relating thereto.

*Section 2.21. Maximum Interest Rate.* The terms of the Related Documents (including the Drawdown Bonds) regarding the calculation of interest and fees do not violate any applicable usury laws.

*Section 2.22. Valid Lien.* The Authority's irrevocable pledge of the Subordinate Net Revenues and amounts hereunder and under the Subordinate Trust Indenture and in the funds, accounts and subaccounts established and maintained under the Subordinate Trust Indenture to and for the payment of the Obligations of the Authority under the Bondholder's Agreement and the Subordinate Trust Indenture and for the payment of the Obligations and the Drawdown Bonds is valid and binding and no further acts, instruments, approvals or consents are necessary for the creation, validity or perfection thereof. The provisions of the Subordinate Trust Indenture constitute a contract between the Authority and each Owner subject to the provisions of the Subordinate Trust Indenture, and each Owner (or the Owner Representative on behalf of the Owners), may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Authority as a result of issuing the Drawdown Bonds.

*Section 2.23. ERISA; Plans; Employee Benefit Plans.* The Authority is not subject to ERISA and maintains no Plans and has no funding obligations under any employee benefit plans which could reasonably be expected to result in a Material Adverse Effect.

*Section 2.24. Solvency.* After giving effect to the issuance of the Drawdown Bonds and the other obligations contemplated by this Agreement and the Bondholder's Agreement, the Authority is solvent, having assets of a fair value which exceeds the amount required to pay its debts (including contingent, subordinated, unmatured and unliquidated liabilities) as they become



absolute and matured, and the Authority is able to and anticipates that it will be able to meet its debts as they mature and has adequate capital to conduct its business in which it is engaged.

*Section 2.25. Anti-Terrorism Laws.* Neither the Authority nor any of Affiliates thereof is in violation of any Laws relating to terrorism or money laundering (“*Anti-Terrorism Laws*”), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “*Executive Order*”), and the Patriot Act;

(i) neither the Authority nor any Affiliate thereof is any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person with which the Underwriter, the Purchaser or any Owner is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(E) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset Control (“*OFAC*”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list; and

(ii) to the best of the Authority’s knowledge neither the Authority nor any Affiliate thereof (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (i) above, (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

*Section 2.26. Sale of Drawdown Bonds to Underwriter.* Neither the Authority nor anyone authorized to act on its behalf, directly or indirectly, has offered the Drawdown Bonds for sale to, or solicited any offer to buy the Drawdown Bonds from, anyone other than the Underwriter.

### SECTION 3. DELIVERY OF EACH SUBSERIES OF THE DRAWDOWN BONDS; CLOSING.

At or prior to 1:00 p.m., New York City time, on the Initial Purchase Date and on any subsequent Issuance Date, the Authority will cause each Subseries of Drawdown Bonds to be

delivered to the Underwriter through the facilities of DTC in definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof and the terms and conditions set forth in the Fourth Supplemental Subordinate Trust Indenture, the Underwriter will accept for delivery and pay the purchase price for such Subseries of Drawdown Bonds as set forth herein by wire transfer in same day federal funds payable to the Trustee for the account of the Authority. Upon issuance, the ownership of each Subseries of Drawdown Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC, and the Purchaser shall be the initial beneficial owner thereof.

SECTION 4.           CONDITIONS TO THE OBLIGATIONS OF THE UNDERWRITER TO PURCHASE  
DRAWDOWN BONDS ON EACH ISSUANCE DATE AND TO ADVANCE DRAWINGS ON  
EACH DRAWING DATE.

The Underwriter has entered into this Agreement in reliance upon the accuracy of the representations and agreements of the Authority contained herein and in the other Related Documents on the Effective Date and each respective Issuance Date and Drawing Date upon the performance by the Authority of its obligations hereunder at or prior to the Effective Date and each respective Issuance Date and Drawing Date. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for each Subseries of Drawdown Bonds on each Issuance Date and honor a Drawing on any Drawing Date will be subject to the performance by the Authority of its obligations to be performed hereunder and under the other Related Documents at or prior to each respective Issuance Date or Drawing Date, as applicable, and will also be subject to the following conditions:

(a)   *Representations and Warranties.* The representations and agreements of the Authority contained herein and in the other Related Documents will be true, complete and correct on and as of the Effective Date, each Issuance Date and each Drawing Date (except to the extent any such representation or warranty specifically relates to an earlier date, then such representation or warranty shall be true and correct as of such earlier date), as applicable;

(b)   *Related Documents in Full Force and Effect.* On the Effective Date, each Issuance Date and each Drawing Date, the Act, the Master Senior Trust Indenture, the Master Subordinate Trust Indenture, the Fourth Supplemental Subordinate Trust Indenture and each other Related Document will be in full force and effect and will not have been amended, modified or supplemented in any manner which would materially impair or materially adversely affect the obligations of the Authority, including, without limitation, reducing the amount of the Subordinate Net Revenues or impairing the obligations of the Authority hereunder or under the Bondholder's Agreement or with respect to the Drawdown Bonds or the rights, interests, security or remedies of the Underwriter or the Purchaser with respect to the Subordinate Net Revenues or the security provided by the Subordinate Trust Indenture, except as may have been agreed to in writing by the Underwriter;

(c) *Approvals.* On the Effective Date, each Issuance Date and each Drawing Date, all necessary approvals of the Authority relating to the issuance and sale of the Drawdown Bonds being issued or sold or drawn upon, as applicable, will be in full force and effect and will not have been amended, modified or supplemented in any manner which would materially impair or materially adversely affect the obligations of the Authority, including, without limitation, reducing the amount of the Subordinate Net Revenues or impairing the obligations of the Authority hereunder or under the Bondholder's Agreement or with respect to the Drawdown Bonds, or the rights, interests, security or remedies of the Underwriter or the Purchaser with respect to the Subordinate Net Revenues or the security provided by the Subordinate Trust Indenture, except as may have been agreed to in writing by the Underwriter, and there will have been taken all such actions as, in the opinion of Bond Counsel, are necessary or appropriate in connection with the issuance of the Drawdown Bonds or any Drawing thereunder and with the transactions contemplated hereby;

(d) *Other Documentary Conditions to Effective Date.* On or prior to the Effective Date, the Authority will have performed all of its obligations required under this Agreement and the other Related Documents to be performed at or prior to the Effective Date, and the Underwriter will have received each of the following documents in form and substance satisfactory to the Underwriter:

(i) *Resolutions.* Copies of resolution(s) of the Board approving the issuance of the Drawdown Bonds and the execution and delivery of this Agreement, the Bondholder's Agreement and the Fourth Supplemental Subordinate Trust Indenture, certified by the Director, Corporate & Information Governance/Authority Clerk as being true and complete and in full force and effect on the Effective Date;

(ii) *Related Documents.* Executed originals of (i) each of this Agreement, the Bondholder's Agreement, the other Related Documents and (ii) the MSRB G-17 Letter dated \_\_\_\_\_, 2017 (the "*MSRB G-17 Letter*"), delivered by the Underwriter and acknowledged by the Authority;

(iii) *Opinion of Counsel to the Authority.* An opinion, dated the Effective Date and addressed to the Underwriter and the Purchaser, of General Counsel of the Authority, in form and substance reasonably satisfactory to the Underwriter and its counsel, which provides for, among other opinions, the following: (1) the Authority is a local government entity of regional government, duly organized and validly existing under the laws of the State, (2) the issuance of the Drawdown Bonds and the execution, delivery and performance by the Authority of this Agreement, and the other Related Documents are within the Authority's powers, have been duly authorized by all necessary action, and require no action by or in respect of, or filing with, any governmental body, agency or official that has not been accomplished, (3) this Agreement, the Drawdown Bonds and the other Related Documents have been duly authorized, executed and delivered and are valid, binding and enforceable against the Authority, and (4) such

other matters as the Underwriter may reasonably request, in form and substance satisfactory to the Underwriter and its counsel;

(iv) *Authority Certificates.* (1) A certificate, dated the Effective Date and signed by a Designated Representative of the Authority, to the effect that (A) the representations and warranties of the Authority contained herein and in the other Related Documents and each certificate, letter, other writing or instrument delivered by the Authority to the Bank pursuant hereto or thereto are true and correct on and as of the Effective Date or the Issuance Date, as applicable, with the same effect as if made on the Effective Date, as applicable; (B) all conditions precedent to the issuance of the Drawdown Bonds (including all conditions precedent in the Subordinate Trust Indenture) and the effectiveness of the Related Documents have been satisfied; (C) no Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default has occurred and is continuing or would result from the Authority's execution and delivery of this Agreement, the Drawdown Bonds or the Fourth Supplemental Subordinate Trust Indenture or the acceptance of the Commitment by the Authority; (D) the audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2016, including the balance sheet as of such date of said period, all examined and reported on by an independent certified public accountant of recognized standing, as heretofore delivered to the Underwriter correctly and fairly present the financial condition of the Authority as of said date and the results of the operations of the Authority for such period, have been prepared in accordance with GAAP consistently applied except as stated in the notes thereto, (E) since the release of the audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2016, there has been no Material Adverse Effect, and on and prior to the Effective Date no material transactions or obligations (not in the ordinary course of business) shall have been entered into by the Authority, other than as previously advised in writing to the Underwriter, (F) to the best knowledge of the Authority, the underlying unenhanced long-term ratings assigned to the Subordinate Obligations by Moody's, S&P and Fitch have not been reduced, withdrawn or suspended by any Rating Agency since the dated date of the Rating Documentation; and (G) that all conditions in this Section 4(d) have been satisfied; and (2) a certificate of the Authority dated the Effective Date certifying as to the authority, incumbency and specimen signatures of the Authorized Authority Representatives and the Designated Representatives authorized to sign this Agreement, the Fourth Supplemental Subordinate Trust Indenture, the Drawdown Bonds, the Bondholder's Agreement and any other documents to be delivered by it hereunder and who will be authorized to represent the Authority in connection with this Agreement, upon which the Underwriter, Purchaser and Owner Representative may rely until it receives a new such certificate;

(v) *Ratings.* Satisfactory evidence that the underlying unenhanced long-term rating assigned to the Subordinate Obligations by Moody's is at least "A2" (or its equivalent), "A" (or its equivalent) by S&P and "A" (or its equivalent) by Fitch (referred to herein as the "*Rating Documentation*");

(vi) *Financial Statements.* (A) Audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2016, (B) a copy of the most recent budget of the Authority (such requirement to be satisfied if such information is available on the Authority's website) and (C) the investment policy of the Authority;

(vii) A certificate dated the Effective Date and executed by a Designated Representative, demonstrating that all necessary action on the part of the Authority shall have been taken as required for the assignment and pledge of a lien on the Subordinate Net Revenues for the benefit of the Owners as described in Section 3.1 of the Bondholder's Agreement; and

(viii) A written description of all actions, suits or proceedings pending or threatened against the Authority in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a material adverse effect on the Authority's ability to perform its obligation under this Agreement and the other Related Documents, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Underwriter may reasonably request

(ix) *Other Documents.* Such additional certificates and other documents as the Underwriter or its counsel may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby.

All the opinions, letters, certificates, instruments and other documents mentioned in this Agreement shall be deemed to be in compliance with this Agreement if, but only if, they are in form and substance satisfactory to Bond Counsel and the Underwriter.

(e) *Documentary Conditions to the Issuance of Drawdown Bonds on their respective Issuance Dates.* The Underwriter will have received each of the following documents in form and status satisfactory to the Underwriter:

(i) *Specimen Bond.* Specimen copies of the Subseries of Drawdown Bonds being issued on such date;

(ii) *Opinions of Bond Counsel.*

(A) (1) Unqualified approving opinions, dated the respective Issuance Date and addressed to the Authority, of Bond Counsel, and, for the issuance of the related Subseries, to the effect that that the interest on such Subseries of Drawdown Bonds is excludable from gross income for federal income tax purposes and such other customary matters as the Underwriter may reasonably request, and (2) a letter or letters of such counsel, dated the respective Issuance Date and addressed to the Underwriter and the Purchaser, to the effect that such unqualified approving opinions addressed

to the Authority may be relied upon by the Underwriter and the Purchaser to the same extent as if such opinion was addressed to it;

(B) An opinion, dated on each respective Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, to the effect that the related Subseries of Drawdown Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Subordinate Trust Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(C) An opinion, dated on each respective Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, as to the validity of all the Drawdown Bonds outstanding; the pledge of Subordinate Net Revenues securing the Drawdown Bonds and the Obligations constituting a valid pledge; and such other matters as the Underwriter may reasonably request, which opinion shall be in form and substance satisfactory to the Underwriter and its counsel;

(iii) *Reserved.*

(iv) *Trustee Certificate.* A certificate, dated each Issuance Date and signed by an authorized officer of the Trustee, to the effect that (A) the Trustee authenticated and delivered the related Subseries of Drawdown Bonds to the Underwriter, at the direction of the Authority and (B) the related Subseries of Drawdown Bonds were duly authenticated by an authorized officer of the Trustee;

(v) *DTC Certificate.* A certificate duly executed by the Authority for the applicable Subseries of Drawdown Bonds and containing such information as required by the Underwriter and DTC in order for the applicable Subseries of Drawdown Bonds to be delivered to DTC pursuant to the Fast Automated Securities Transfer system;

(v) *Request for Purchase.* The Underwriter, the Purchaser and the Trustee shall have received a Request for Purchase for an AMT Purchase in the form of Exhibit A-1 hereto or a Request for Purchase for a Non-AMT Purchase in the form of Exhibit A-2 hereto, as applicable, hereto dated the Issuance Date and signed by a Designated Representative of the Authority;

(vi) *Tax Certificate.* For each Purchase, the Underwriter and the Purchaser shall have received an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser. At the Authority's option, after consultation with Bond Counsel, the Authority may deliver to the Underwriter and the Purchaser an executed Tax Certificate that relates to one or more Purchases, such Tax Certificate to set forth the maximum dollar amount of Purchases and the period of time over which such Purchases are to be made;

(vii) *Conditions Certificate.* A certificate dated the Issuance Date and executed by a Designated Representative, demonstrating that as of the date of the Purchase and after giving effect to such Purchase, the Authority has complied with all conditions precedent to the issuance of Subordinate Obligations set forth in Section 2.11 of the Master Subordinate Trust Indenture; and

(viii) *Other Documents.* Such additional certificates and other documents as the Underwriter may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby.

(f) *Non-Documentary Conditions to Purchases on each Issuance Date.* At or prior to each Issuance Date for any Subseries of Drawdown Bonds, the Authority will have performed all of its obligations required under this Agreement, the Subordinate Trust Indenture and the other Related Documents to be performed at or prior to such Issuance Date, and each of the following additional conditions shall be satisfied:

(i) the representations and warranties of the Authority contained in this Agreement and in each other Related Document and certificate or other writing delivered to the Underwriter or the Purchaser pursuant hereto in connection with the transactions contemplated by this Agreement shall be, (A) in the case of representations and warranties that are not qualified by “material,” “materiality,” “Material Adverse Effect” or similar qualifier, true and correct in all material respects on such Issuance Date as though made on and as of such Issuance Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all material respects as of such earlier date, or (B) in the case of representations and warranties that are qualified by “material”, “materiality”, “Material Adverse Effect” or similar qualifier, true and correct in all respects on such Issuance Date as though made on and as of such Issuance Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all respects as of such earlier date;

(ii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Issuance Date, including all conditions to such Purchase in the Subordinate Trust Indenture;

(iii) no Bondholder’s Agreement Event of Default or Potential Bondholder’s Agreement Event of Default exists under the Bondholder’s Agreement;

(iv) the Issuance Date shall occur on or prior to the Commitment End Date and the obligation of the Underwriter to honor drawings shall not have otherwise terminated in accordance with the terms hereof;

(v) no event shall have occurred which has caused a Material Adverse Effect; and

(vi) the principal amount of such Subseries of Drawdown Bonds to be purchased on such Issuance Date, when added to the principal amount of any other Subseries of Drawdown Bonds to be purchased on such Issuance Date and the aggregate principal amount of any Drawing or Drawings to be made on such Issuance Date, if any, shall not exceed the Available Commitment in effect on such date.

(g) *Conditions to Drawings on each Drawing Date.* At or prior to each Drawing Date, the Authority will have performed all of its obligations required under this Agreement, the Subordinate Trust Indenture and the other Related Documents to be performed at or prior to such Drawing Date, and each of the following additional conditions shall be satisfied:

(i) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Drawing Date, including all conditions to such Drawing in the Subordinate Trust Indenture;

(ii) the Drawing Date shall occur on or prior to the Commitment End Date and the obligation of the Underwriter to honor drawings shall not have otherwise terminated in accordance with the terms hereof;

(iii) the Underwriter, the Purchaser and the Trustee shall have received a Request for Drawing in the form of Exhibit B-1 hereto for an AMT Drawing or a Request for Drawing for a Non-AMT Drawing in the form of Exhibit B-2 hereto, as applicable, and signed by a Designated Representative of the Authority;

(iv) (A) the Underwriter and the Purchaser shall have received an approving opinion, dated the respective Drawing Date and addressed to the Authority, the Underwriter and the Purchaser, of Bond Counsel, to the effect that the interest on such Subseries of Drawdown Bonds is excludable from gross income for federal income tax purposes and such other customary matters as the Underwriter and Purchaser may reasonably request; and (B) the Underwriter and the Purchaser shall have received an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser. At the Authority's option, after consultation with Bond Counsel, the Authority may deliver to the Underwriter and the Purchaser an executed Tax Certificate that relates to one or more Drawings that are tax-exempt, such Tax Certificate to set forth the maximum dollar amount of Drawings that are tax-exempt and the period of time over which such Drawings that are tax-exempt are to be made; and

(v) the principal amount of such Drawing to be honored on such Drawing Date, when added to the principal amount of any other Drawing to be made on such Drawing Date and the aggregate principal amount of all Subseries of



Drawdown Bonds to be purchased on such Drawing Date, if any, shall not exceed the Available Commitment in effect on such date.

If the Authority is unable to satisfy the conditions to the obligations of the Underwriter with respect to a Purchase or Drawing, the Underwriter shall not be obligated with respect to such Purchase or Drawing. Further, if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Drawdown Bonds are terminated for any reason permitted by this Agreement, this Agreement will terminate and the Underwriter and the Authority will not be under any further obligation hereunder, *provided*, that the obligations of the Authority set forth in Section 6 and the representations and agreements of the Authority contained herein will continue in full force and effect.

SECTION 5. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY; TERM OF AGREEMENT.

All of the Authority's representations and agreements shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter or on its behalf, and shall survive delivery of the Drawdown Bonds to the Underwriter.

This Agreement shall be in full force and effect from the date hereof and continue in effect until the Commitment End Date. Notwithstanding the foregoing, this Agreement may be terminated at any time at the mutual consent, evidenced in writing, of the parties hereto.

SECTION 6. PAYMENT OF EXPENSES.

(a) The Authority agrees to pay all expenses incident to the performance of the Authority's obligations under this Agreement, including, but not limited to: (i) charges made by rating agencies for any rating of the Drawdown Bonds; (ii) the fees and disbursements of Bond Counsel, the Authority's financial advisor, counsel to the Underwriter and the Purchaser and of any other experts or consultants retained by the Authority; (iii) the cost of any consent letters, statements or certificates delivered by the Authority's accountants or consultants; (iv) certain costs incurred in connection with the issuance of and the sale of Drawdown Bonds; and (v) out-of-pocket expenses of the Authority. The Underwriter shall send the Authority an invoice for any fees and disbursements of counsel to the Underwriter and the Purchaser.

(b) The Underwriter shall pay all expenses incident to the performance of its obligations under this Agreement, including, but not limited to: (i) the cost of delivering the Drawdown Bonds to the Purchaser; (ii) all other expenses incurred by it in connection with its offering and distribution of the Drawdown Bonds, including the preparation, printing and separate distribution, if any, of any "blue sky" or legal investment memoranda; and (iii) any California Debt and Investment Advisory Commission fees; *provided, however*, that any California Debt and Investment Advisory Commission fees paid by the Underwriter shall be reimbursed to the Underwriter by the Authority.

(c) Except as otherwise specifically set forth in this Agreement, in the event either the Authority or the Underwriter shall have paid obligations of the other as set forth in this Section, appropriate reimbursements and adjustments shall be made.

SECTION 7. MISCELLANEOUS AND NOTICE.

This Agreement shall inure to the benefit of the Underwriter and the Authority and their respective successors and assigns. Nothing in this Agreement is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained.

All notices, demands and formal actions shall be in writing and mailed or delivered to:

The Underwriter:

RBC Capital Markets, LLC  
777 South Figueroa Street, Suite 850  
Los Angeles, California 90017  
Attention: Greg Dawley  
Telephone: (213) 362-4126  
Facsimile: (213) 362-4110  
E-mail: greg.dawley@rbccm.com

and:

RBC Capital Markets, LLC  
777 South Figueroa Street, Suite 850  
Los Angeles, California 90017  
Attention: Tom Yang  
Telephone: (213) \_\_\_ - \_\_\_\_  
Facsimile: (213) \_\_\_ - \_\_\_\_  
E-mail: tom.a.yang@rbccm.com

And:

RBC Municipal Products, LLC  
100 Second Avenue South, Suite 100  
St. Petersburg, Florida 33701-4337  
Attention: Thomas Carlson  
Telephone: (727) 895-8899  
Facsimile: (727) 895-8895  
Email: thomas.carlson@rbccm.com

and

attention: Joseph Huesman  
Facsimile: (212) 642-2490  
Email: joseph.huesman@rbccm.com

and

Email: transactionreviewsub@rbccm.com

and

Royal Bank of Canada  
Corporate Banking  
Three World Financial Center, 12th Floor  
200 Vesey Street  
New York, New York 10281-8098  
Attention: Stephanie Gordon  
Telephone: (212) 618-7501  
Facsimile: (212) \_\_\_\_ - \_\_\_\_  
Email: stephanie.gordon@rbccm.com

and

Credit Transaction Management – Compliance  
Royal Bank of Canada  
200 Bay Street, South Tower, 12th Floor RBPS 12  
Toronto, Ontario M5J 2J5, Canada  
Attention: Kamal Grover  
Facsimile: (416) 842-4020  
Email: managercompliance-ctm@rbccm.com  
and  
transactionreviewsub@rbccm.com

The Authority:

San Diego County Regional  
Airport Authority  
Commuter Terminal, 3rd Floor  
3225 North Harbor Drive  
San Diego, CA 92101  
Tax ID Number: [\_\_\_\_\_] ]  
Attention: Vice President Finance & Asset Management/Treasurer  
Telephone: (619) 400-2802  
Facsimile: (619) 400-2801

(or such other addresses as may be designated in writing to the other party).

SECTION 8. NO PERSONAL LIABILITY.

No director, officer, agent or any employee of the Authority shall be charged personally by the Underwriter with any liability, or held personally accountable to the Underwriter, under any term or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, of this Agreement.

SECTION 9. RIGHT TO TERMINATE OR SUSPEND OBLIGATION.

The Underwriter will have the right to terminate its obligation under this Agreement to purchase, to accept delivery of and to pay for any Subseries of Drawdown Bonds or honor any Drawing thereunder on or prior to any Issuance Date or Drawing Date by notifying the Authority of its election to do so if:

(a) Legislation shall be enacted or adopted by the United States, or any action shall be taken by, or on behalf of, the Securities and Exchange Commission (the "*Commission*") which, in the reasonable opinion of the Underwriter, has the effect of requiring the contemplated distribution of the Drawdown Bonds (or any underlying obligation) to be registered under the Securities Act of 1933, as amended, or the Subordinate Trust Indenture to be qualified under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies, and compliance therewith cannot be accomplished prior to the Issuance Date or Drawing Date, as applicable; or

(b) Legislation shall be enacted or adopted by the United States of America, or a decision by a Court of the United States of America shall be rendered, or a stop order, ruling, release, regulation, official statement or no-action letter by or on behalf of the Commission or any other governmental agency having jurisdiction of the subject matter of the Drawdown Bonds shall have been proposed, issued or made (which is beyond the control of the Underwriter or the Authority to prevent or avoid) to the effect that the issuance, offering or sale of the Subseries of Drawdown Bonds or the honoring of any Drawing, including all the underlying obligations as contemplated by this Agreement, or any document relating to the issuance, offering or sale of the applicable Subseries of Drawdown Bonds or the honoring of the applicable Drawing is or would be in violation of any of the federal securities laws at the Issuance Date or Drawing Date, as applicable, including the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and then in effect, or the Trust Indenture Act of 1939, as amended and then in effect, or with the purpose or effect of otherwise prohibiting the offering and sale of obligations of the general character of the Drawdown Bonds, as contemplated by this Agreement; or

(c) Any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Authority which, in the reasonable judgment of the Underwriter, shall prohibit or impair the Authority's ability to issue securities; or

(d) The Owner Representative shall have delivered notice to the Authority of the occurrence of a Bondholder's Agreement Event of Default.

The Underwriter will have the right to suspend its obligation under this Agreement to purchase, to accept delivery of and to pay for the Drawdown Bonds or to honor Drawings on or prior to any Issuance Date or Drawing Date, as applicable, by notifying the Authority of its election to do so if:

(a) A general banking moratorium shall have been declared by the United States of America, New York or State authorities; or

(b) Trading in any securities of the Authority shall have been suspended on any national securities exchange; or a general suspension of trading or enactment of limited or minimum prices shall have been established on the New York Stock Exchange or the American Stock Exchange or other national securities exchange due to an outbreak or escalation of hostilities, declaration by the United States of a national emergency, war or other national or international calamity or crisis, including a financial crisis, after the execution of this Agreement.

Such suspension shall continue for so long as the related suspension event continues as determined by the Underwriter in its reasonable determination.

The Authority may at any time and at its sole option terminate the Commitment and this Agreement upon three (3) Business Days' prior written notice to the Purchaser. As a condition to any such termination, the Authority shall pay or cause to be paid all Other Obligations owed.

#### SECTION 10. APPLICABLE LAW; NON-ASSIGNABILITY.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS. This Agreement shall not be assigned by the Authority.

EACH OF PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA AND ANY COURT IN THE STATE OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST OR BY IT IN CONNECTION WITH THIS AGREEMENT OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RELATED THERETO, AND THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH CALIFORNIA STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. THE PARTIES AGREE THAT A FINAL NON-APPEALABLE JUDGMENT IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE AND AGREE NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR

PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THE RELATED DOCUMENTS OR THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS.

SECTION 11. EXECUTION OF COUNTERPARTS; EFFECTIVE UPON ACCEPTANCE.

This Agreement is made solely for the benefit of the Authority and the Underwriter (including the successors or assigns of any of said parties), and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument, and will become a binding agreement between the Authority and the Underwriter when at least one counterpart of this Agreement shall have been signed on behalf of each of the parties hereto. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page. This Agreement shall supersede all previous agreements relating to the same subject matter between the parties and shall become effective upon acceptance by the Authority as evidenced by the execution hereof by an authorized officer of the Authority as set forth below.

[Signature Pages Follow]

Very truly yours,

RBC CAPITAL MARKETS, LLC

By: \_\_\_\_\_  
Authorized Officer

Accepted and agreed to on the [\_]th day of \_\_\_\_\_, 2017, at **[5:00 p.m. EDT]**:

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_  
**[Name]**  
**[Title]**

Attest:

By: \_\_\_\_\_  
**[Name]**  
**[Title]**

Approved as to form:

By: \_\_\_\_\_  
**[Name]**  
General Counsel



**EXHIBIT A-1**

**FORM OF REQUEST FOR NON-AMT PURCHASE**

**[DATE]**

RBC Capital Markets, LLC  
777 South Figueroa Street, Suite 850  
Los Angeles, California 90017  
Attention: Greg Dawley  
Telephone: (213) 362-4126  
Facsimile: (213) 362-4110  
E-mail: greg.dawley@rbccm.com

RBC Capital Markets, LLC  
777 South Figueroa Street, Suite 850  
Los Angeles, California 90017  
Attention: Tom Yang  
Telephone: (213) \_\_\_\_ - \_\_\_\_\_  
Facsimile: (213) \_\_\_\_ - \_\_\_\_\_  
E-mail: tom.a.yang@rbccm.com

RBC Municipal Products, LLC  
Three World Financial Center, 9th Floor  
200 Vesey Street  
New York, New York 10281-8098  
Attention: Thomas Carlson  
Telephone: (727) 895-8899  
Facsimile: (727) 895-8895  
Email: thomas.carlson@rbccm.com  
and  
attention: Joseph Huesman  
Facsimile: (212) 642-2490  
Email: joseph.huesman@rbccm.com  
and:  
Email: transactionreviewsub@rbccm.com

U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Corporate Trust Services  
Telephone: 213.615.6023  
Facsimile: 213.615.6197

Royal Bank of Canada  
Corporate Banking  
Three World Financial Center, 12th Floor  
200 Vesey Street  
New York, NY 10281-8098  
Attention: Stephanie Gordon  
Telephone: (212) 618-7501  
Facsimile: (212) \_\_\_\_ - \_\_\_\_\_  
Email: stephanie.gordon@rbccm.com

Credit Transaction Management – Compliance  
Royal Bank of Canada  
200 Bay Street, South Tower, 12th Floor RBPS  
12  
Toronto, Ontario M5J 2J5, Canada  
Attention: Kamal Grover  
Facsimile: (416) 842-4020  
Email: managercompliance-ctm@rbccm.com  
and  
transactionreviewsub@rbccm.com

**\$100,000,000**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**SUBORDINATE AIRPORT REVENUE DRAWDOWN BONDS**  
**SUBSERIES A-\_\_ (NON-AMT)**

Ladies and Gentlemen:

Pursuant to the provisions set forth in the Master Subordinate Trust Indenture, dated as of September 1, 2007 (as heretofore amended or supplemented and as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms thereof, the “*Master Subordinate Trust Indenture*”), by and between the San Diego County Regional Airport Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”), and the Fourth Supplemental Subordinate Trust Indenture dated as of \_\_\_\_\_ 1, 2017 (as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms of thereof, the “*Fourth Supplemental Subordinate Trust Indenture*” and, together with the Master Subordinate Trust Indenture, the “*Subordinate Trust Indenture*”), by and between the Authority and the Trustee, and the Bond Purchase Agreement, dated \_\_\_\_\_, 2017 (as amended, supplemented or otherwise modified, the “*BPA*”), between RBC Capital Markets, LLC (the “*Underwriter*”) and the Authority, the undersigned Designated Representative hereby requests a Purchase of the above-captioned Subseries of Drawdown Bonds in the principal amount of \$\_\_\_\_\_ on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “*Issuance Date*”) at a purchase price equal to \$[\_\_\_\_\_] (the principal amount of the initial Drawing under such Subseries). This Purchase shall only apply to the above-captioned Subseries of Drawdown Bonds and shall not be used for any other Drawdown Bonds which may also be issued under the Subordinate Trust Indenture. Capitalized terms used herein and not defined shall have the meanings assigned thereto in the BPA. The proceeds of this Purchase shall be wired to the Trustee as follows:

\_\_\_\_\_  
 \_\_\_\_\_  
 Account Number: \_\_\_\_\_  
 Account Name: \_\_\_\_\_  
 Reference: [\_\_\_\_\_]

As of the Issuance Date, the following information is true and correct:

CURRENT CUMULATIVE AMOUNTS	PRINCIPAL AMOUNT
Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds purchased to date:	
Cumulative principal amount of Drawings on the AMT Drawdown Bonds and Non-AMT Drawdown Bonds to date:	
Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds redeemed or repaid to date:	
Cumulative principal amount of Outstanding AMT Drawdown Bonds and Non-AMT Drawdown Bonds prior to this Purchase:	

Cumulative Principal amount Outstanding under the AMT Drawdown Bonds and the Non-AMT Drawdown Bonds prior to this Purchase:	
PURCHASE AMOUNT	
Principal amount of this Purchase of the above-captioned Subseries of Non-AMT Drawdown Bonds:	
ISSUANCE DATE ADJUSTED OUTSTANDING AMOUNTS	
AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Issuance Date:	
Non-AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Issuance Date:	
Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount of AMT Drawdown Bonds:	
Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount of Non-AMT Drawdown Bonds:	
Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount under AMT Drawdown Bonds:	
Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount under Non-AMT Drawdown Bonds:	
Following this Purchase and redemptions and repayments on the Issuance Date, the aggregate Outstanding principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds and Outstanding principal amounts under AMT Drawdown Bonds and Non-AMT Drawdown Bonds	

Simultaneously upon receipt by the Trustee from the Underwriter on the Issuance Date of a federal funds wire, for the account of the Authority, in the amount of \$\_\_\_\_\_, representing the agreed purchase price for the Purchase, the Trustee is hereby requested and authorized to authenticate and deliver the above-captioned Subseries of Drawdown Bonds.

As of the date hereof and on the Issuance Date:

- (i) the representations and warranties of the Authority contained in the BPA and in each other Related Document and certificate or other writing delivered to the Underwriter or the Purchaser pursuant thereto in connection with the transactions contemplated by the BPA are, (A) in the case of representations and warranties that are not qualified by “material,” “materiality,” “Material Adverse Effect” or similar qualifier, true and correct in all material respects on the Issuance Date as though made on and as of the Issuance Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all material respects as of such earlier date, or (B) in the case of representations and warranties that are qualified by “material”, “materiality”, “Material Adverse Effect” or

similar qualifier, true and correct in all respects on the Issuance Date as though made on and as of the Issuance Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all respects as of such earlier date;

(ii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Issuance Date, including all conditions to such Purchase in the Subordinate Trust Indenture;

(iii) no Event of Default (as defined in the Subordinate Trust Indenture) exists under the Subordinate Trust Indenture and no Bondholder's Agreement Event of Default or Potential Bondholder's Agreement Event of Default (as defined in the Bondholder's Agreement) exists under the Bondholder's Agreement; and

(iv) no event shall have occurred which has caused a Material Adverse Effect; and

(v) the principal amount of the above-captioned Subseries of Drawdown Bonds to be purchased on such Issuance Date, when added to the principal amount of any other Subseries of Drawdown Bonds to be purchased on such Issuance Date and the aggregate principal amount of the Drawing or Drawings to be made on such Issuance Date, when added to the principal amount of all outstanding Drawings, shall not exceed the Available Commitment in effect on such date.

The undersigned hereby acknowledges that the obligation of the Underwriter to honor this Request for Purchase on the Issuance Date is subject to the condition that the Commitment End Date shall not have occurred before such Issuance Date and to the receipt by the Underwriter and the Purchaser on or before the Issuance Date of:

(i) (1) unqualified approving opinions, dated the Issuance Date and addressed to the Authority, of Bond Counsel, and, for the issuance of the above-captioned Subseries of Drawdown Bonds, to the effect that the interest on all Drawdown Bonds is excludable from gross income for federal income tax purposes and such other customary matters as the Underwriter may reasonably request, and (2) a letter or letters of such counsel, dated the Issuance Date and addressed to the Underwriter and the Purchaser, to the effect that such unqualified approving opinions addressed to the Authority may be relied upon by the Underwriter and the Purchaser to the same extent as if such opinion was addressed to it;

(ii) an opinion, dated the Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, to the effect that the above-captioned Subseries of Drawdown Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Subordinate Trust Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(iii) an opinion, dated the Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, as to the validity of all the Drawdown Bonds outstanding;

the pledge of Subordinate Net Revenues securing the Drawdown Bonds and the Obligations constituting a valid pledge; and such other matters as the Bank may reasonably request, which opinion shall be in form and substance satisfactory to the Underwriter and the Purchaser;

(iv) (A) an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser and (B) a certificate of the Authority signed by any of the duly authorized officials and representatives of the Authority setting forth the reasonable expectations of the Authority deemed necessary and appropriate by Bond Counsel to support the conclusion that the above-captioned Subseries of Drawdown Bonds will not be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code;

(v) a certificate dated the Issuance Date and executed by a Designated Representative, demonstrating that as of the date of the Purchase and after giving effect to such Purchase, the Authority has complied with all conditions precedent to the issuance of Subordinate Obligations set forth in Section 2.11 of the Master Subordinate Indenture;

(vi) a certificate, dated the Issuance Date and signed by an authorized officer of the Trustee, to the effect that (A) the Trustee authenticated and delivered the above-captioned Subseries of Drawdown Bonds to the Underwriter, at the direction of the Authority and (B) the above-captioned Subseries of Drawdown Bonds were duly authenticated by an authorized officer of the Trustee;

(vii) a certificate duly executed by the Authority for the above-captioned Subseries of Drawdown Bonds and containing such information as required by the Underwriter and DTC in order for the above-captioned Subseries of Drawdown Bonds to be delivered to DTC pursuant to the Fast Automated Securities Transfer system; and

(viii) a specimen copies of the Subseries of Drawdown Bonds being issued on such date

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned has set his/her hand as of the date written above on behalf of the Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_  
Designated Representative

**EXHIBIT A-2**

**FORM OF REQUEST FOR AMT PURCHASE**

**[DATE]**

RBC Capital Markets, LLC  
777 South Figueroa Street, Suite 850  
Los Angeles, California 90017  
Attention: Greg Dawley  
Telephone: (213) 362-4126  
Facsimile: (213) 362-4110  
E-mail: greg.dawley@rbccm.com

RBC Capital Markets, LLC  
777 South Figueroa Street, Suite 850  
Los Angeles, California 90017  
Attention: Tom Yang  
Telephone: (213) \_\_\_ - \_\_\_\_\_  
Facsimile: (213) \_\_\_ - \_\_\_\_\_  
E-mail: tom.a.yang@rbccm.com

RBC Municipal Products, LLC  
Three World Financial Center, 9th Floor  
200 Vesey Street  
New York, New York 10281-8098  
Attention: Thomas Carlson  
Telephone: (727) 895-8899  
Facsimile: (727) 895-8895  
Email: thomas.carlson@rbccm.com  
and  
attention: Joseph Huesman  
Facsimile: (212) 642-2490  
Email: joseph.huesman@rbccm.com  
and:  
Email: transactionreviewsub@rbccm.com

U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Corporate Trust Services  
Telephone: 213.615.6023  
Facsimile: 213.615.6197

Royal Bank of Canada  
Corporate Banking  
Three World Financial Center, 12th Floor  
200 Vesey Street  
New York, NY 10281-8098  
Attention: Stephanie Gordon  
Telephone: (212) 618-7501  
Facsimile: (212) \_\_\_ - \_\_\_\_\_  
Email: stephanie.gordon@rbccm.com

Credit Transaction Management – Compliance  
Royal Bank of Canada  
200 Bay Street, South Tower, 12th Floor RBPS  
12  
Toronto, Ontario M5J 2J5, Canada  
Attention: Kamal Grover  
Facsimile: (416) 842-4020  
Email: managercompliance-ctm@rbccm.com  
and  
transactionreviewsub@rbccm.com

**\$100,000,000**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**SUBORDINATE AIRPORT REVENUE DRAWDOWN BONDS**  
**SUBSERIES B-\_\_ (AMT)**

Ladies and Gentlemen:

Pursuant to the provisions set forth in the Master Subordinate Trust Indenture, dated as of September 1, 2007 (as heretofore amended or supplemented and as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms thereof, the “*Master Subordinate Trust Indenture*”), by and between the San Diego County Regional Airport Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”), and the Fourth Supplemental Subordinate Trust Indenture dated as of \_\_\_\_\_1, 2017 (as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms of thereof, the “*Fourth Supplemental Subordinate Trust Indenture*” and, together with the Master Subordinate Trust Indenture, the “*Subordinate Trust Indenture*”), by and between the Authority and the Trustee, and the Bond Purchase Agreement, dated \_\_\_\_\_, 2017 (as amended, supplemented or otherwise modified, the “*BPA*”), between RBC Capital Markets, LLC (the “*Underwriter*”) and the Authority, the undersigned Designated Representative hereby requests a Purchase of the above-captioned Subseries of Drawdown Bonds in the principal amount of \$\_\_\_\_\_ on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “*Issuance Date*”) at a purchase price equal to \$[\_\_\_\_\_] (the principal amount of the initial Drawing under such Subseries). This Purchase shall only apply to the above-captioned Subseries of Drawdown Bonds and shall not be used for any other Drawdown Bonds which may also be issued under the Subordinate Trust Indenture. Capitalized terms used herein and not defined shall have the meanings assigned thereto in the BPA. The proceeds of this Purchase shall be wired to the Trustee as follows:

\_\_\_\_\_  
 \_\_\_\_\_  
 Account Number: \_\_\_\_\_  
 Account Name: \_\_\_\_\_  
 Reference: [\_\_\_\_\_]

As of the Issuance Date, the following information is true and correct:

CURRENT CUMULATIVE AMOUNTS	PRINCIPAL AMOUNT
Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds purchased to date:	
Cumulative principal amount of Drawings on the AMT Drawdown Bonds and Non-AMT Drawdown Bonds to date:	
Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds redeemed or repaid to date:	
Cumulative principal amount of Outstanding AMT Drawdown Bonds and Non-AMT Drawdown Bonds prior to this Purchase:	



Cumulative Principal amount Outstanding under the AMT Drawdown Bonds and the Non-AMT Drawdown Bonds prior to this Purchase:	
PURCHASE AMOUNT	
Principal amount of this Purchase of the above-captioned Subseries of Non-AMT Drawdown Bonds:	
ISSUANCE DATE ADJUSTED OUTSTANDING AMOUNTS	
AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Issuance Date:	
Non-AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Issuance Date:	
Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount of AMT Drawdown Bonds:	
Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount of Non-AMT Drawdown Bonds:	
Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount under AMT Drawdown Bonds:	
Following this Purchase and redemptions and repayments on the Issuance Date, the Outstanding principal amount under Non-AMT Drawdown Bonds:	
Following this Purchase and redemptions and repayments on the Issuance Date, the aggregate Outstanding principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds and Outstanding principal amounts under AMT Drawdown Bonds and Non-AMT Drawdown Bonds	

Simultaneously upon receipt by the Authority from the Underwriter on the Issuance Date of a federal funds wire, for the account of the Authority, in the amount of \$\_\_\_\_\_, representing the agreed purchase price for the Purchase, the Trustee is hereby requested and authorized to authenticate and deliver the above-captioned Subseries of Drawdown Bonds.

As of the date hereof and on the Issuance Date:

- (i) the representations and warranties of the Authority contained in the BPA and in each other Related Document and certificate or other writing delivered to the Underwriter or the Purchaser pursuant thereto in connection with the transactions contemplated by the BPA are, (A) in the case of representations and warranties that are not qualified by “material,” “materiality,” “Material Adverse Effect” or similar qualifier, true and correct in all material respects on the Issuance Date as though made on and as of the Issuance Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all material respects as of such earlier date, or (B) in the case of representations and warranties that are qualified by “material”, “materiality”, “Material Adverse Effect” or

similar qualifier, true and correct in all respects on the Issuance Date as though made on and as of the Issuance Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all respects as of such earlier date;

(ii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Issuance Date, including all conditions to such Purchase in the Fourth Supplemental Subordinate Trust Indenture;

(iii) no Event of Default (as defined in the Subordinate Trust Indenture) exists under the Subordinate Trust Indenture and no Bondholder's Agreement Event of Default or Potential Bondholder's Agreement Event of Default (as defined in the Bondholder's Agreement) exists under the Bondholder's Agreement; and

(iv) no event shall have occurred which has caused a Material Adverse Effect; and

(v) the principal amount of the above-captioned Subseries of Drawdown Bonds to be purchased on such Issuance Date, when added to the principal amount of any other Subseries of Drawdown Bonds to be purchased on such Issuance Date and the aggregate principal amount of the Drawing or Drawings to be made on such Issuance Date, when added to the principal amount of all outstanding Drawings, shall not exceed the Available Commitment in effect on such date.

The undersigned hereby acknowledges that the obligation of the Underwriter to honor this Request for Purchase on the Issuance Date is subject to the condition that the Commitment End Date shall not have occurred before such Issuance Date and to the receipt by the Underwriter and the Purchaser on or before the Issuance Date of:

(i) (1) unqualified approving opinions, dated the Issuance Date and addressed to the Authority, of Bond Counsel, and, for the issuance of the above-captioned Subseries of Drawdown Bonds, to the effect that the interest on all Drawdown Bonds is excludable from gross income for federal income tax purposes and such other customary matters as the Underwriter may reasonably request, and (2) a letter or letters of such counsel, dated the Issuance Date and addressed to the Underwriter and the Purchaser, to the effect that such unqualified approving opinions addressed to the Authority may be relied upon by the Underwriter and the Purchaser to the same extent as if such opinion was addressed to it;

(ii) an opinion, dated the Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, to the effect that the above-captioned Subseries of Drawdown Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Subordinate Trust Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(iii) an opinion, dated the Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, as to the validity of all the Drawdown Bonds outstanding;

the pledge of Subordinate Net Revenues securing the Drawdown Bonds and the Obligations constituting a valid pledge; and such other matters as the Bank may reasonably request, which opinion shall be in form and substance satisfactory to the Underwriter and the Purchaser;

(iv) (A) an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser and (B) a certificate of the Authority signed by any of the duly authorized officials and representatives of the Authority setting forth the reasonable expectations of the Authority deemed necessary and appropriate by Bond Counsel to support the conclusion that the above-captioned Subseries of Drawdown Bonds will not be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code;

(v) a certificate dated the Issuance Date and executed by a Designated Representative, demonstrating that as of the date of the Purchase and after giving effect to such Purchase, the Authority has complied with all conditions precedent to the issuance of Subordinate Obligations set forth in Section 2.11 of the Master Subordinate Indenture.

(vi) a certificate, dated the Issuance Date and signed by an authorized officer of the Trustee, to the effect that (A) the Trustee authenticated and delivered the above-captioned Subseries of Drawdown Bonds to the Underwriter, at the direction of the Authority and (B) the above-captioned Subseries of Drawdown Bonds were duly authenticated by an authorized officer of the Trustee;

(vii) a certificate duly executed by the Authority for the above-captioned Subseries of Drawdown Bonds and containing such information as required by the Underwriter and DTC in order for the above-captioned Subseries of Drawdown Bonds to be delivered to DTC pursuant to the Fast Automated Securities Transfer system; and

(viii) a specimen copies of the Subseries of Drawdown Bonds being issued on such date.

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned has set his/her hand as of the date written above on behalf of the Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_  
Designated Representative

**EXHIBIT B-1**

**FORM OF REQUEST FOR NON-AMT DRAWING**

**[DATE]**

RBC Capital Markets, LLC  
777 South Figueroa Street, Suite 850  
Los Angeles, California 90017  
Attention: Greg Dawley  
Telephone: (213) 362-4126  
Facsimile: (213) 362-4110  
E-mail: greg.dawley@rbccm.com

RBC Capital Markets, LLC  
777 South Figueroa Street, Suite 850  
Los Angeles, California 90017  
Attention: Tom Yang  
Telephone: (213) \_\_\_\_ - \_\_\_\_\_  
Facsimile: (213) \_\_\_\_ - \_\_\_\_\_  
E-mail: tom.a.yang@rbccm.com

RBC Municipal Products, LLC  
Three World Financial Center, 9th Floor  
200 Vesey Street  
New York, New York 10281-8098  
Attention: Thomas Carlson  
Telephone: (727) 895-8899  
Facsimile: (727) 895-8895  
Email: thomas.carlson@rbccm.com  
and  
attention: Joseph Huesman  
Facsimile: (212) 642-2490  
Email: joseph.huesman@rbccm.com  
and:  
Email: transactionreviewsub@rbccm.com

U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Corporate Trust Services  
Telephone: 213.615.6023  
Facsimile: 213.615.6197

Royal Bank of Canada  
Corporate Banking  
Three World Financial Center, 12th Floor  
200 Vesey Street  
New York, NY 10281-8098  
Attention: Stephanie Gordon  
Telephone: (212) 618-7501  
Facsimile: (212) \_\_\_\_ - \_\_\_\_\_  
Email: stephanie.gordon@rbccm.com

Credit Transaction Management – Compliance  
Royal Bank of Canada  
200 Bay Street, South Tower, 12th Floor RBPS  
12  
Toronto, Ontario M5J 2J5, Canada  
Attention: Kamal Grover  
Facsimile: (416) 842-4020  
Email: managercompliance-ctm@rbccm.com  
and  
transactionreviewsub@rbccm.com

**\$100,000,000**  
**San Diego County Regional Airport Authority**  
**Subordinate Airport Revenue Drawdown Bonds**  
**Subseries A-\_\_ (Non-AMT)**

Ladies and Gentlemen:

Pursuant to the provisions set forth in the Master Subordinate Trust Indenture, dated as of September 1, 2007 (as heretofore amended or supplemented and as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms thereof, the “*Master Subordinate Trust Indenture*”), by and between the San Diego County Regional Airport Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”), and the Fourth Supplemental Subordinate Trust Indenture dated as of \_\_\_\_\_1, 2017 (as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms of thereof, the “*Fourth Supplemental Subordinate Trust Indenture*” and, together with the Master Subordinate Trust Indenture, the “*Subordinate Trust Indenture*”), by and between the Authority and the Trustee and the Bond Purchase Agreement, dated \_\_\_\_\_, 2017 (as amended, supplemented or otherwise modified, the “*BPA*”), between RBC Capital Markets, LLC (the “*Underwriter*”) and the Authority, the undersigned Designated Representative hereby requests a Drawing under the above-captioned Subseries of Non-AMT Drawdown Bonds in the principal amount of \$\_\_\_\_\_ on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “*Drawing Date*”); *provided*, that if the Drawing Date is not an Interest Payment Date, then the Underwriter shall also pay to the Trustee, for the account of the Authority, an amount equal to all accrued interest on the principal amount of this Drawing from and including the Interest Payment Date occurring immediately prior to the Drawing Date, to but not including such Drawing Date. This Drawing shall only apply to the Non-AMT Drawdown Bonds and shall not be used for the AMT Drawdown Bonds which may also be issued under the Fourth Supplemental Subordinate Trust Indenture. Capitalized terms used herein and not defined shall have the meanings assigned thereto in the BPA.

As of the Drawing Date:

CURRENT CUMULATIVE AMOUNTS	PRINCIPAL AMOUNT
Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds purchased to date:	
Cumulative principal amount of Drawings on the AMT Drawdown Bonds and Non-AMT Drawdown Bonds to date:	
Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds redeemed or repaid to date:	
Cumulative Principal amount of Outstanding AMT Drawdown Bonds and Non-AMT Drawdown Bonds prior to this Drawing:	
Cumulative Principal amount Outstanding under AMT Drawdown Bonds and Non-AMT Drawdown Bonds prior to this Drawing:	

DRAWING AMOUNT	
Principal amount of Drawing on Non-AMT Drawdown Bonds:	
DRAWING DATE ADJUSTED OUTSTANDING AMOUNTS	
AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Drawing Date:	
Non-AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Drawing Date:	
Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount of AMT Drawdown Bonds:	
Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount of Non-AMT Drawdown Bonds:	
Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount under AMT Drawdown Bonds:	
Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount under Non-AMT Drawdown Bonds:	
Following this Drawing and redemptions and repayments on the Drawing Date, the aggregate Outstanding principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds and Outstanding principal amounts under AMT Drawdown Bonds and Non-AMT Drawdown Bonds:	

As of the date hereof and on the Drawing Date:

(i) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Drawing Date, including all conditions to such Drawing in the Subordinate Trust Indenture; and

(ii) the principal amount of this Drawing to be honored on the Drawing Date, when added to the principal amount of any other Drawing to be made on such Drawing Date and the aggregate principal amount of all Subseries of Drawdown Bonds to be purchased on the Drawing Date, if any, shall not exceed the Available Commitment in effect on such date.

The undersigned hereby acknowledges that the obligation of the Underwriter to honor this Drawing on the Drawing Date is subject to the condition that the Commitment End Date shall not have occurred before such Drawing Date and to the receipt by the Underwriter and the Purchaser on or before the Drawing Date of:

(i) an approving opinion, dated the respective Drawing Date and addressed to the Authority, the Underwriter and the Purchaser, of Bond Counsel, to the effect that that the interest on such Subseries of Non-AMT Drawdown Bonds is excludable from gross

income for federal income tax purposes and such other customary matters as the Underwriter may reasonably request;

(ii) The Underwriter and the Purchaser shall have received an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser.

[Signature Page to Follow]



IN WITNESS WHEREOF, the undersigned has set his/her hand as of the date written above on behalf of the Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_  
Designated Representative

**EXHIBIT B-2**

**FORM OF REQUEST FOR NON-AMT DRAWING**

**[DATE]**

RBC Capital Markets, LLC  
777 South Figueroa Street, Suite 850  
Los Angeles, California 90017  
Attention: Greg Dawley  
Telephone: (213) 362-4126  
Facsimile: (213) 362-4110  
E-mail: greg.dawley@rbccm.com

RBC Capital Markets, LLC  
777 South Figueroa Street, Suite 850  
Los Angeles, California 90017  
Attention: Tom Yang  
Telephone: (213) \_\_\_ - \_\_\_\_\_  
Facsimile: (213) \_\_\_ - \_\_\_\_\_  
E-mail: tom.a.yang@rbccm.com

RBC Municipal Products, LLC  
Three World Financial Center, 9th Floor  
200 Vesey Street  
New York, New York 10281-8098  
Attention: Thomas Carlson  
Telephone: (727) 895-8899  
Facsimile: (727) 895-8895  
Email: thomas.carlson@rbccm.com  
and  
attention: Joseph Huesman  
Facsimile: (212) 642-2490  
Email: joseph.huesman@rbccm.com  
and:  
Email: transactionreviewsub@rbccm.com

U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Corporate Trust Services  
Telephone: 213.615.6023  
Facsimile: 213.615.6197

Royal Bank of Canada  
Corporate Banking  
Three World Financial Center, 12th Floor  
200 Vesey Street  
New York, NY 10281-8098  
Attention: Stephanie Gordon  
Telephone: (212) 618-7501  
Facsimile: (212) \_\_\_ - \_\_\_\_\_  
Email: stephanie.gordon@rbccm.com

Credit Transaction Management – Compliance  
Royal Bank of Canada  
200 Bay Street, South Tower, 12th Floor RBPS  
12  
Toronto, Ontario M5J 2J5, Canada  
Attention: Kamal Grover  
Facsimile: (416) 842-4020  
Email: managercompliance-ctm@rbccm.com  
and  
transactionreviewsub@rbccm.com

**\$100,000,000**  
**San Diego County Regional Airport Authority**  
**Subordinate Airport Revenue Drawdown Bonds**  
**Subseries B-\_\_ (AMT)**

Ladies and Gentlemen:

Pursuant to the provisions set forth in the Master Subordinate Trust Indenture, dated as of September 1, 2007 (as heretofore amended or supplemented and as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms thereof, the “*Master Subordinate Trust Indenture*”), by and between the San Diego County Regional Airport Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”), and the Fourth Supplemental Subordinate Trust Indenture dated as of \_\_\_\_\_1, 2017 (as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms of thereof, the “*Fourth Supplemental Subordinate Trust Indenture*” and, together with the Master Subordinate Trust Indenture, the “*Subordinate Trust Indenture*”), by and between the Authority and the Trustee and the Bond Purchase Agreement, dated \_\_\_\_\_, 2017 (as amended, supplemented or otherwise modified, the “*BPA*”), between RBC Capital Markets, LLC (the “*Underwriter*”) and the Authority, the undersigned Designated Representative hereby requests a Drawing under the above-captioned Subseries of AMT Drawdown Bonds in the principal amount of \$\_\_\_\_\_ on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “*Drawing Date*”); *provided*, that if the Drawing Date is not an Interest Payment Date, then the Underwriter shall also pay to the Trustee, for the account of the Authority, an amount equal to all accrued interest on the principal amount of this Drawing from and including the Interest Payment Date occurring immediately prior to the Drawing Date, to but not including such Drawing Date. This Drawing shall only apply to the AMT Drawdown Bonds and shall not be used for the Non-AMT Drawdown Bonds which may also be issued under the Fourth Supplemental Subordinate Trust Indenture. Capitalized terms used herein and not defined shall have the meanings assigned thereto in the BPA.

As of the Drawing Date:

CURRENT CUMULATIVE AMOUNTS	PRINCIPAL AMOUNT
Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds purchased to date:	
Cumulative principal amount of Drawings on the AMT Drawdown Bonds and Non-AMT Drawdown Bonds to date:	
Cumulative principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds redeemed or repaid to date:	
Cumulative Principal amount of Outstanding AMT Drawdown Bonds and Non-AMT Drawdown Bonds prior to this Drawing:	
Cumulative Principal amount Outstanding under AMT Drawdown Bonds and Non-AMT Drawdown Bonds prior to this Drawing:	

DRAWING AMOUNT	
Principal amount of Drawing on AMT Drawdown Bonds:	
DRAWING DATE ADJUSTED OUTSTANDING AMOUNTS	
AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Drawing Date:	
Non-AMT Drawdown Bonds (if any) which will be redeemed or repaid on the Drawing Date:	
Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount of AMT Drawdown Bonds:	
Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount of Non-AMT Drawdown Bonds:	
Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount under AMT Drawdown Bonds:	
Following this Drawing and redemptions and repayments on the Drawing Date, the Outstanding principal amount under Non-AMT Drawdown Bonds:	
Following this Drawing and redemptions and repayments on the Drawing Date, the aggregate Outstanding principal amount of AMT Drawdown Bonds and Non-AMT Drawdown Bonds and Outstanding principal amounts under AMT Drawdown Bonds and Non-AMT Drawdown Bonds:	

As of the date hereof and on the Drawing Date:

- (i) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Drawing Date, including all conditions to such Drawing in the Subordinate Trust Indenture; and
- (ii) the principal amount of this Drawing to be honored on the Drawing Date, when added to the principal amount of any other Drawing to be made on such Drawing Date and the aggregate principal amount of all Subseries of Drawdown Bonds to be purchased on the Drawing Date, if any, shall not exceed the Available Commitment in effect on such date.

The undersigned hereby acknowledges that the obligation of the Underwriter to honor this Drawing on the Drawing Date is subject to the condition that the Commitment End Date shall not have occurred before such Drawing Date and to the receipt by the Underwriter and the Purchaser on or before the Drawing Date of:

- (i) an approving opinion, dated the respective Drawing Date and addressed to the Authority, the Underwriter and the Purchaser, of Bond Counsel, to the effect that that the interest on such Subseries of AMT Drawdown Bonds is excludable from gross income

for federal income tax purposes and such other customary matters as the Underwriter may reasonably request;

(ii) The Underwriter and the Purchaser shall have received an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser.

Capitalized terms used herein and not defined shall have the meanings assigned thereto in the BPA.

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned has set his/her hand as of the date written above on behalf of the Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_  
Designated Representative

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BONDHOLDER'S AGREEMENT

dated as of \_\_\_\_\_ 1, 2017

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

RBC MUNICIPAL PRODUCTS, LLC

Relating to

\$100,000,000

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SUBORDINATE AIRPORT REVENUE DRAWDOWN BONDS  
SERIES A (NON-AMT)  
SERIES B (AMT)

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Exhibit A - Form of Notice of Termination or Reduction

## **BONDHOLDER'S AGREEMENT**

This BONDHOLDER'S AGREEMENT, dated as of \_\_\_\_\_ 1, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "*Agreement*"), is by and between the SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, a local government entity of regional government, created pursuant to and existing under the Act (as defined herein) (together with its successors and permitted assigns, the "*Authority*"), and RBC MUNICIPAL PRODUCTS, LLC, as initial purchaser ("*RBCMPLLC*" and, together with its successors, assignees, designees and nominees hereunder and any Trust (as hereinafter defined), the "*Purchaser*").

### **RECITALS**

WHEREAS, the Authority is issuing one or more Series and one or more associated Subseries of Drawdown Bonds pursuant to the Master Subordinate Trust Indenture, dated as of September 1, 2007 (as heretofore amended or supplemented and as the same may be further amended, supplemented, restated or otherwise modified in accordance with the terms hereof and thereof, the "*Master Subordinate Trust Indenture*"), by and between the Authority and U.S. Bank National Association, as trustee (the "*Trustee*"), and the Fourth Supplemental Subordinate Trust Indenture dated as of \_\_\_\_\_1, 2017 (as amended, supplemented, restated or otherwise modified in accordance with the terms hereof and thereof, the "*Fourth Supplemental Subordinate Trust Indenture*" and, together with the Master Subordinate Trust Indenture, the "*Subordinate Trust Indenture*"), by and between the Authority and the Trustee; and

WHEREAS, the Drawdown Bonds will bear interest initially at the Drawdown Rates (as defined in the Fourth Supplemental Subordinate Trust Indenture) pursuant to the terms of the Fourth Supplemental Subordinate Trust Indenture;

WHEREAS, pursuant to the Bond Purchase Agreement (as hereinafter defined), the Underwriter (as hereinafter defined) has agreed to purchase one or more Series and one or more of the associated Subseries of the Drawdown Bonds, subject to the terms and conditions set forth therein, and the Purchaser intends to purchase each Series and Subseries of Drawdown Bonds and, as a condition to such Purchases, the Purchaser has required the Authority to enter into this Agreement;

WHEREAS, the principal amount of each Series and Subseries of Drawdown Bonds, the dated date therefor, the maturities, the redemption provisions and the interest rates per annum for each Series and Subseries of Drawdown Bonds are as set forth in the Fourth Supplemental Subordinate Trust Indenture.

NOW, THEREFORE, to induce the Purchaser to purchase each Series and Subseries of Drawdown Bonds, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Authority and the Purchaser hereby agree as follows:

## ARTICLE I

### DEFINITIONS

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

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

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

“*Agreement*” means this Bondholder’s Agreement, as the same may be amended from time to time.

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

“*Amortization End Date*” means the earliest to occur of (A) the third (3rd) anniversary of the Commitment End Date; (B) the seventh (7th) day immediately succeeding a Bondholder’s Agreement Event of Default specified in Section 7.1(a)(i), 7.1(d)(i), 7.1(d)(ii), 7.1(e)(i), 7.1(e)(ii), 7.1(g) or 7.1(j) hereof; (C) the one hundred eightieth (180th) day immediately succeeding the date on which the Owner Representative has notified the Authority of an acceleration of the Obligations following any Bondholder’s Agreement Event of Default specified in Section 7.1(a)(ii), 7.1(b), 7.1(c), 7.1(d)(iii), 7.1(e)(iii), 7.1(f), 7.1(h), 7.1(i), 7.1(k) and 7.1(l) hereof; and (D) the day any other holder or credit enhancer of Debt secured by a lien or charge on Subordinate Net Revenues or any counterparty under any Swap Contract related thereto causes any such Debt or obligations under such Swap Contract or any other obligations of the Authority to become immediately due and payable.

“*Amortization Payment*” has the meaning set forth in Section 2.1(e) hereof.

“*Amortization Payment Date*” means (a) with respect to the first Amortization Payment, the Initial Amortization Payment Date, (b) with respect to the next nine Amortization Payments, the corresponding date in every third month occurring after the Initial Amortization Payment Date and (c) with respect to the eleventh and final Amortization Payment, the Amortization End Date.

“*Amortization Period*” has the meaning set forth in Section 2.1(e) hereof.

“*Amortization Period Interest Rate*” means a fluctuating interest rate per annum which, for each day, shall equal (i) for the period from and including the Commitment End Date to and including the ninetieth (90th) day immediately succeeding the Commitment End Date, the Base

Rate from time to time in effect, (ii) for the period from and after the ninety-first (91st) day immediately succeeding the Commitment End Date to and including the one hundred eightieth (180th) day immediately succeeding the Commitment End Date, the Base Rate from time to time in effect *plus* 1.50% and (iii) for the period from and after the one hundred eighty-first (181st) day immediately succeeding the Commitment End Date, the Base Rate from time to time in effect *plus* 2.50%; *provided that* if a Bondholder's Agreement Event of Default has occurred and is continuing, the Amortization Period Interest Rate shall equal the Default Rate.

*"AMT Drawdown Bond"* and *"AMT Drawdown Bonds"* has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

*"Anti-Terrorism Laws"* has the meaning set forth in Section 5.25 hereof.

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

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

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

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

*"Available Commitment"* has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

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

*"Base Rate"* means the highest of (i) 8.00% per annum, (ii) the applicable Drawdown Rate plus 3.00% per annum, (iii) the Federal Funds Rate plus 3.50% per annum, and (iv) the Prime Rate plus 2.50% per annum. Each change in the Base Rate shall take effect at the time of the related change in the applicable Drawdown Rate, the Federal Funds Rate or the Prime Rate, as the case may be.

*"Board"* has the meaning set forth in the Master Subordinate Trust Indenture.

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

“*Bondholder*” or “*Holder*” or “*Owner*” means the registered owner of any Subseries of Drawdown Bonds; *provided, however*, that at any time any Subseries of Drawdown Bonds are Book-Entry Bonds, “*Bondholder*” or “*Holder*” or “*Owner*” means any Person that acquires a beneficial ownership interest in a Bond held by DTC. As the Drawdown Bonds are being initially issued as Book-Entry Bonds, the registered owner on the Effective Date is Cede &Co., as nominee of DTC and the initial “*Bondholder*” or “*Holder*” or “*Owner*” is the Purchaser.

“*Bondholder’s Agreement Event of Default*” has the meaning set forth in Section 7.1 hereof.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement dated \_\_\_\_\_, 2017, between the Authority and the Underwriter, as amended, supplemented, modified or restated from time to time in accordance with the terms thereof.

“*Book-Entry Bonds*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*Business Day*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture. As of the Effective Date, the corporate trust office of the Trustee and the Calculation Agent is located in Los Angeles, California.

“*Calculation Agent*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*CDIAC*” means the California Debt and Investment Advisory Commission.

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

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

“*Commitment*” means the agreement of the Underwriter pursuant to the Bond Purchase Agreement to make Purchases and honor Drawings under the terms of the Bond Purchase Agreement and the Drawdown Bonds for the account of the Authority for the purpose of providing funds to pay Costs of a Project, costs of issuance in connection with this Agreement, the Bond Purchase Agreement and the other Related Documents or for any other purpose permitted under the Act and/or the Subordinate Trust Indenture.

“*Commitment Amount*” means, on the Effective Date, an initial amount equal to \$100,000,000 and thereafter such initial amount adjusted from time to time: (i) downward in an amount equal to any reduction thereof effected pursuant to Section 2.4 or Section 7.2(a)(ii) hereof and (ii) downward to zero upon the expiration or termination of the Commitment in accordance with the terms hereof and the Related Documents.

“*Commitment End Date*” means the earlier to occur of (i) \_\_\_\_\_, 2020 (which date may be extended with the written consent of the Authority, the Underwriter and the Purchaser), (ii) the date on which a Bondholder’s Agreement Event of Default occurs hereunder, unless such Bondholder’s Agreement Event of Default is waived by the Owner Representative pursuant to the terms hereof, (iii) such earlier date on which this Agreement or the Bond Purchase Agreement terminates in accordance with its respective terms and (iv) such earlier date on which the Commitment is terminated at the election of the Authority; *provided, however*, that if any such day is not a Business Day then the Commitment End Date means the immediately preceding Business Day.

“*Credit Protection Provider*” means, collectively, (a) any Person, including any Owner and Royal Bank, that provides credit protection or liquidity support in favor of any other Person holding a direct or indirect interest in all or any Subseries of Drawdown Bonds and (b) any Person that participates in any such credit protection or liquidity support.

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

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

“*Default Rate*” means, for any day, a fluctuating rate per annum equal to the sum of the Base Rate in effect on such day *plus* seven percent (7.00%).

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

“*Determination of Taxability*” means, for and with respect to any Subseries of Drawdown Bonds, and shall be deemed to have occurred on the first to occur of the following:

(i) the date when the Authority files with the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) any statement, supplemental statement or other tax schedule, return or document which admits or discloses that an Event of Taxability shall have in fact occurred with respect to such Subseries of Drawdown Bonds;

(ii) the date when the Owner Representative or any Owner or former Owner has received written notification from the Authority, supported by a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance, to the effect that an Event of Taxability has occurred with respect to such Subseries of Drawdown Bonds;

(iii) the date when the Authority shall be advised in writing, including, without limitation, a “*Letter 4413, Notice of Proposed Adverse Determination,*” by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that based upon filings of the Authority (or a statutory notice of deficiency, or a document of substantially similar import), or upon any review or audit of the Authority, or upon any other ground whatsoever, an Event of Taxability shall have occurred with respect to such Subseries of Drawdown Bonds; or

(iv) the date when the Authority shall receive notice from the Owner Representative or any Owner or former Owner that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Owner Representative or any Owner or such former Owner the interest on such Subseries of Drawdown Bonds due to the occurrence of an Event of Taxability;

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



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

“*Drawdown Bonds*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*Drawdown Rate*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*Drawing*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

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

“*Effective Date*” means \_\_\_\_\_, 2017, subject to the satisfaction, or waiver by the Underwriter of all the conditions precedent to closing set forth in Section 4 of the Bond Purchase Agreement.

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

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

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

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

“*Event of Taxability*” means (i) a Change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Authority, or the failure to take any action by the Authority, or the making by the Authority of any misrepresentation herein or in any certificate required to be

given in connection with this Agreement) which has the effect of causing interest paid or payable on any Drawdown Bonds to become includable, in whole or in part, in the gross income of any Owner for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on any Drawdown Bonds to become includable, in whole or in part, in the gross income of any Owner for federal income tax purposes, other than for a period during which the Owner is or was a “substantial user” of the projects financed or refinanced from proceeds of an AMT Drawdown Bond or a “related person” for purposes of Section 147(a) of the Code. An Event of Taxability does not include any event, condition or circumstance which results in interest on any AMT Drawdown Bond being an item of tax preference subject to the federal alternative minimum tax, or any other tax consequences which depend upon an Owner’s particular tax status.

“*Excess Interest Amount*” has the meaning set forth in Section 4.5(c) hereof.

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

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

“*Executive Order*” has the meaning set forth in Section 5.25 hereof.

“*Federal Funds Rate*” means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Royal Bank on such day on such transactions as determined by Royal Bank.

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

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

“*Fourth Supplemental Subordinate Trust Indenture*” has the meaning set forth in the recitals to this Agreement.

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

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

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

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

“*Guarantee*” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

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

“*Indemnified Taxes*” means Taxes other than Excluded Taxes.

“*Indemnitee*” has the meaning set forth in Section 4.2 hereof.

“*Initial Amortization Payment Date*” means the one hundred eightieth (180th) calendar day following the Commitment End Date.

“*Interest Payment Date*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

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

“*Liabilities*” has the meaning set forth in Section 4.2 hereof.

“*LIBOR*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

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

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

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

“*Master Subordinate Trust Indenture*” has the meaning set forth in the recitals to this Agreement.

“*Material Adverse Change*” means the occurrence of any event or change, including but not limited to a change revealed by a comparison of any financial statements delivered pursuant to Section 6.2 hereof to the financial statements for the most recent prior Fiscal Year, which separately or in the aggregate with the occurrence of other events, results or could reasonably be expected to result in a Material Adverse Effect.

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

*“Maximum Interest Rate”* means the lesser of (a) the maximum non-usurious interest rate payable by the Authority under applicable law, and (b) 12% per annum.

*“Miscellaneous Taxes”* means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Related Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Related Document.

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

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

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

*“Non-AMT Drawdown Bond”* and *“Non-AMT Drawdown Bonds”* has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

*“Notice of Bondholder’s Agreement Event of Default”* has the meaning set forth in Section 7.2(a) hereof.

*“Obligations”* means the obligations of the Authority to pay the principal of and interest on the Drawdown Bonds, all fees, expenses and charges payable or reimbursable hereunder to the Owner Representative, the Credit Protection Provider, the Purchaser or any Owner (including, without limitation, any amounts to reimburse the Owner Representative, the Credit Protection Provider, the Purchaser or any Owner for any advances or expenditures by it under any of such documents) and all other payment obligations of the Authority to the Owner Representative, the Credit Protection Provider, the Purchaser or any Owner arising under or in relation to this Agreement or the other Related Documents, in each, case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

“*OFAC*” has the meaning set forth in Section 5.25 hereof.

“*Outstanding*” means, with respect to any Drawdown Bonds, the unpaid principal amount of any Drawings thereunder.

“*Owner Representative*” means, (a) initially, the Purchaser and (b) thereafter, upon the receipt from time to time by the Trustee and the Authority of a notice described in Section 8.7 hereof, such Owner designated in such notice as the Owner Representative, as more fully provided in Section 8.7 hereof.

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

“*Participant*” means any entity to which an Owner has granted a participation in the obligations of such Owner hereunder and of the Authority hereunder and under the Drawdown Bonds and the other Related Documents.

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

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

“*Potential Bondholder’s Agreement Event of Default*” means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute a Bondholder’s Agreement Event of Default.

“*Prime Rate*” means, for any day, the rate of interest per annum announced from time to time by Royal Bank as its prime commercial lending rate for U.S. dollar loans or equivalent, as in effect for such day, with any change in the Prime Rate resulting from a change in said prime commercial lending rate to be effective as of the date of such change. The Prime Rate is a variable rate and each change in the Prime Rate is effective from and including the date the change is announced as being effective. The Prime Rate is a reference rate and may not be Royal Bank’s lowest rate. If Royal Bank ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in *The Wall Street Journal* (or the average prime rate if a high and a low prime rate are therein reported).

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

“*Purchase*” has the meaning set forth in Section [1(a)] of the Bond Purchase Agreement.

“*Purchaser*” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“*Rating Agency*” means any of S&P, Moody’s and/or Fitch, as context may require.

“*RBCCM LLC*” means RBC Capital Markets, LLC and its successors, assignees, designees and nominees.

“*RBCMPLLC*” has the meaning set forth in the introductory paragraph of this Agreement.

“*Redemption Price*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*Related Documents*” means this Agreement, the Drawdown Bonds, the Tax Certificate, the Master Senior Trust Indenture, the Master Subordinate Trust Indenture, the Fourth Supplemental Subordinate Trust Indenture, the Bond Purchase Agreement, and any documents executed and delivered by the Authority to any Owner, Royal Bank, the Purchaser or the Underwriter in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to any of the foregoing.

“*Representation Letter*” has the meaning set forth in the Fourth Supplemental Subordinate Trust Indenture.

“*Request for Drawing*” means a Request for Drawing substantially in the form of Exhibit \_\_ to the Bond Purchase Agreement.

“*Request for Purchase*” means a Request for Purchase substantially in the form of Exhibit \_\_ to the Bond Purchase Agreement.

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

“*Revolving Credit Agreement*” means the Revolving Credit Agreement, dated as of September 1, 2014, by and between the Authority and U.S. Bank National Association, as amended, supplemented, modified or restated from time to time in accordance with the terms thereof.

“*Revolving Obligations*” has the meaning set forth in the Third Supplemental Subordinate Trust Indenture.

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

“*Royal Bank*” means Royal Bank of Canada and its successors and assigns.

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

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

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

“*State*” means the State of California.

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

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

“*Subordinate Trust Indenture*” has the meaning set forth in the recitals to this Agreement.

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

“*Tax Certificate*” means any Tax Compliance Certificate by the Authority, relating to any or all of the Subseries of Drawdown Bonds, as the same may be amended, supplemented, modified or restated from time to time in accordance with the terms hereof and thereof.

“*Taxable Date*” means the date on which interest on any Subseries of Drawdown Bonds is first includable in gross income of any holder thereof (including, without limitation, any Owner) as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.



“*Taxable Drawdown Rate*” means, with respect to a Taxable Period, the sum of the (a) LIBOR and (b) the product of (i) the Non-AMT Spread and (ii) 1.54.

“*Taxable Period*” has the meaning set forth in Section 4.3(e) hereof.

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

“*Third Supplemental Subordinate Trust Indenture*” means the Third Supplemental Subordinate Trust Indenture dated as of September 1, 2014, by and between the Authority and the Trustee, as amended, supplemented, modified or restated from time to time in accordance with the terms thereof.

“*Transactions*” means the issuance, sale and delivery of any Subseries of Drawdown Bonds, the execution and delivery by the Authority of the Related Documents, the performance by the Authority of the Obligations (including payment obligations) thereunder, and the use of the proceeds of the Drawdown Bonds and the Drawings and the Purchases.

“*Trust*” means either (a) a common law trust established by the Purchaser or an Affiliate of the Purchaser under the laws of the State of New York, (b) a statutory trust established by the Purchaser or an Affiliate of the Purchaser under the Delaware statutory trust statute or (c) any other type of trust, which, in any case, has an interest in any Subseries of Drawdown Bonds.

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

“*Underwriter*” means RBCCM LLC, as underwriter under the Bond Purchase Agreement.

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

“*Unutilized Fee*” has the meaning set forth in Section 2.2 hereof.

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

*Section 1.2. Accounting Terms and Determinations.* Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the Effective Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 6.2 hereof

and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, either the Authority or the Owner Representative may by notice to the other party hereto, require that the Owner Representative and the Authority negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Authority shall be the same as if such change had not been made. No delay by the Authority or the Owner Representative in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.2, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

*Section 1.3. Interpretation.* The following rules shall apply to the construction of this Agreement unless the context requires otherwise: (i) the singular includes the plural, and the plural the singular; (ii) words importing any gender include the other gender; (iii) references to statutes are to be construed as including all statutory provisions consolidating and amending, and all regulations promulgated pursuant to, such statutes; (iv) references to “writing” include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible font; (v) the words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation”; (vi) references to the introductory paragraph, recitals, articles, sections (or clauses or subdivisions of sections), exhibits, appendices, annexes or schedules are to those of this Agreement unless otherwise indicated; (vii) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Agreement; (viii) section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose; (ix) references to Persons include their respective permitted successors and assigns; and (x) in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each means “to but excluding.” All references to “funds” herein shall include all accounts and subaccounts therein unless the context clearly requires otherwise.

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

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

(b) Except as provided in subsection (c) of this Section 1.5, all references to other documents shall be deemed to include all amendments, modifications and supplements thereto to

the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

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

## ARTICLE II

### THE AUTHORITY'S OBLIGATIONS

*Section 2.1. Payment Obligations.* (a) The Authority hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all payment obligations owed to the Owner Representative and any Owner under the Related Documents and to pay any other Obligations owing to the Owner Representative or any Owner, whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents.

(b) The Authority shall pay within thirty (30) days after demand:

(i) if a Bondholder's Agreement Event of Default has occurred, all reasonable costs and expenses of the Owner Representative and any Owner in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of their respective rights under any of the Related Documents and any other documents which may be delivered in connection therewith, plus the fees of any legal counsel retained by the Owner Representative or any Owner in connection therewith;

(ii) a fee for each amendment of any Related Document that requires consent by the Owner Representative or any Owner or any consent or waiver by the Owner Representative or any Owner under any Related Document, in each case in an amount reasonably agreed to between the Owner Representative and the Authority;

(iii) the reasonable fees and out-of-pocket expenses for counsel in connection with responding to requests from the Authority for approvals, consents, amendments and waivers, in each case, in an amount reasonably agreed to between the Owner Representative and the Authority; and

(iv) any amounts advanced by or on behalf of the Owner Representative or any other Owner to the extent required to cure or avoid any Bondholder's Agreement Event

of Default or event of nonperformance under any Related Document, together with interest thereon at the Default Rate.

(c) Neither the Owner Representative nor any Owner shall be under an obligation to pay, and the Authority shall pay, any expenses incident to the performance of the Authority's obligations hereunder and under the other Related Documents, including (i) the cost of preparation and printing of the Related Documents, (ii) the fees and disbursements of Bond Counsel and counsel to the Authority and (iii) the fees and disbursements of any other accountants, attorneys and other experts, consultants or advisers retained by the Authority.

(d) In addition, if at any time any Governmental Authority requires payment of any fees, documentary stamps or tax in connection with the execution or delivery of any of the Related Documents, then, if the Authority lawfully may pay for such fees, stamps, or tax, the Authority shall pay, when due and payable, for all such fees, stamps and taxes, including interest and penalties thereon, and the Authority agrees to save the Owner Representative and any Owner harmless from and against any and all liabilities with respect to or resulting from any delay or omission of the Authority in paying, such fees, stamps and taxes. For the avoidance of doubt, the Authority shall be obligated to reimburse the Underwriter for all fees required by CDIAC.

(e) In the event the Owners have not received the principal of all Outstanding Drawdown Bonds on the Commitment End Date, the Authority shall cause all Outstanding Subseries of Drawdown Bonds to be redeemed on the Commitment End Date; *provided* that if, on the Commitment End Date, (i) the representations and warranties of the Authority contained in this Agreement and in each other Related Document and in each certificate or other writing delivered to any Owner pursuant hereto in connection with the transactions contemplated by this Agreement shall be, (A) in the case of representations and warranties that are not qualified by "material," "materiality," "Material Adverse Effect" or similar qualifier, true and correct in all material respects on, and deemed made on, the Commitment End Date as though made on and as of the Commitment End Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all material respects as of such earlier date, or (B) in the case of representations and warranties that are qualified by "material", "materiality", "Material Adverse Effect" or similar qualifier, true and correct in all respects on, and deemed made on, the Commitment End Date as though made on and as of the Commitment End Date, except to the extent any such representation or warranty relates specifically to an earlier date in which case such representation and warranty shall be true and correct in all respects as of such earlier date; (ii) no Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default shall have occurred and be continuing; and (iii) no event or occurrence shall have occurred (including litigation pending against the Authority), and no circumstance shall exist, that in the opinion of the Owner Representative could reasonably be expected to result in a Material Adverse Effect, then the Authority shall cause the principal amount of the Drawdown Bonds to be redeemed in equal quarterly installments payable on each Amortization Payment Date (each such payment, an "*Amortization Payment*"), with the final Amortization Payment in an amount equal to the entire then-outstanding principal amount of such Drawdown Bonds to be redeemed on the related Amortization End Date (the period commencing on the Commitment End Date and ending on the Amortization End Date is herein referred to as the "*Amortization Period*"). Each Amortization

Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Payments over the Amortization Period. During the Amortization Period, interest on the Drawdown Bonds shall accrue at the Amortization Period Interest Rate, be payable monthly in arrears on the first Business Day of each calendar month and be calculated on the basis of a 365/366-day year and actual days elapsed.

(f) *Maintenance of Accounts.* The Owner Representative shall maintain in accordance with its usual practice an account or accounts evidencing each Subseries of Drawdown Bonds and the other Obligations. In any legal action or proceeding in respect of this Agreement or the other Related Documents, the entries made in such account or accounts shall be presumptive evidence of the existence and amounts of the obligations of the Authority therein recorded. The failure to record any such amount shall not, however, limit or otherwise affect the obligations of the Authority hereunder or under the other Related Documents to repay all amounts owed hereunder and under the other Related Documents, together with all interest accrued thereon as provided herein.

(g) *Survival.* Without prejudice to the survival of any other agreement of the Authority hereunder, the agreements and obligations of the Authority contained in this Section 2.1 shall survive the termination of this Agreement and the payment in full of all Drawdown Bonds and the Obligations of the Authority thereunder and hereunder.

*Section 2.2. Unutilized Fee.* The Authority shall pay the Purchaser a fee (the “*Unutilized Fee*”) equal to the product of (a) the Available Commitment for each day during the related period and (b) the Unutilized Fee Rate for each day during the related period, determined by reference to the row in the following chart in which the lowest Authority Rating appears. The Unutilized Fee will be payable quarterly in arrears commencing on \_\_\_\_\_, 2017 (for the period from and including the Effective Date to and including \_\_\_\_\_, 2017) and continuing on the first Business Day of each January, April, July and October thereafter, continuing through and including the Commitment End Date.

AUTHORITY RATING  
(LOWEST RATING TO BE USED)

MOODY'S	S&P	FITCH	UNUTILIZED FEE RATE
A2 or higher	A or higher	A or higher	22.5 basis points (0.225%)
A3	A-	A-	32 basis points (0.32%)
Baa1	BBB+	BBB+	45 basis points (0.45%)
Baa2	BBB	BBB	60 basis points (0.60%)
Below Baa2	Below BBB	Below BBB	Default Rate

In the event of a split Authority Rating (*e.g.*, one of S&P, Moody's and Fitch assigns an Authority Rating that is in a different row in the chart above than the Authority Rating assigned by either of the other Rating Agencies), the Unutilized Fee Rate shall be based upon the row in which the lowest Authority Rating appears. The Authority acknowledges that as of the Effective Date the Unutilized Fee Rate equals 22.5 basis points.

In the event any Authority Rating is withdrawn, suspended or reduced below "Baa2" by Moody's or below BBB" by S&P or Fitch, the commitment of the Underwriter to purchase Drawdown Bonds shall terminate and a Bondholder's Agreement Event of Default shall occur under Section 7.1(h) hereof. Upon the occurrence of any such Bondholder's Agreement Event of Default, the Unutilized Fee shall increase by 200 basis points above the Unutilized Fee otherwise in effect.

Any change in the Unutilized Fee Rate resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in such Authority Rating. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a "global" rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect.

*Section 2.3. Costs, Expenses and Taxes.* (a) The Authority will promptly pay on demand (i) the reasonable fees, costs and expenses of the Underwriter, the Purchaser, and the Owner Representative incurred in connection with the preparation, negotiation, execution and delivery of this Agreement, the Drawdown Bonds and the other Related Documents, (ii) the fees and disbursements of Chapman and Cutler LLP, special counsel to the Underwriter and the Purchaser, incurred in connection with the preparation, execution, filing and administration and delivery of this Agreement and the other Related Documents, (iii) the fees and disbursements of

counsel or other reasonably required consultants to the Underwriter, the Purchaser, and/or the Owner Representative with respect to advising the Underwriter, the Purchaser, and/or the Owner Representative, as applicable, as to the rights and responsibilities under this Agreement and the other Related Documents after the occurrence of any Potential Bondholder's Agreement Event of Default or alleged Potential Bondholder's Agreement Event of Default hereunder, or a Bondholder's Agreement Event of Default, (iv) all costs and expenses, if any, in connection with any waiver or amendment of, or the giving of any approval or consent under, or any response thereto or the enforcement of this Agreement, the Related Documents and any other documents which may be delivered in connection herewith or therewith, including in each case the reasonable fees and disbursements of counsel to the Underwriter, the Purchaser, and/or the Owner Representative or other reasonably required consultants and (v) any amounts advanced by or on behalf of the Underwriter, the Purchaser, and/or an Owner to the extent required to cure any Potential Bondholder's Agreement Event of Default, Bondholder's Agreement Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate. In addition, the Authority shall pay any and all stamp taxes, transfer taxes, documentary taxes, and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing, and recording of this Agreement and the security contemplated by the Related Documents (other than taxes based on the net income or share capital of the Underwriter, the Purchaser, and/or an Owner) and agrees to indemnify and hold the Underwriter, the Purchaser, and each Owner harmless from and against any and all liabilities with respect to or resulting from any delay in paying, or omission to pay, such taxes and fees, including interest and penalties thereon; *provided, however*, that the Authority may reasonably contest any such taxes or fees with the prior written consent of the Owner Representative, which consent, if a Bondholder's Agreement Event of Default does not then exist, shall not be unreasonably withheld. In addition, the Authority agrees to pay, after the occurrence of a Potential Bondholder's Agreement Event of Default, alleged Potential Bondholder's Agreement Event of Default or a Bondholder's Agreement Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Underwriter, the Purchaser, and/or the Owner Representative, as applicable, in enforcing any obligations or in collecting any payments due from the Authority hereunder by reason of such Potential Bondholder's Agreement Event of Default, alleged Potential Bondholder's Agreement Event of Default or Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any collection, insolvency, bankruptcy proceedings or other enforcement proceedings resulting therefrom.

(b) If the Authority shall fail to pay any amount payable under this Section 2.3 as and when due, each such unpaid amount shall bear interest for each day from and including the date it was due until paid in full at the applicable Default Rate. The obligations of the Authority under this Section 2.3 shall survive the termination of this Agreement.

*Section 2.4. Reduction and Termination.* (a) The Commitment Amount shall be reduced from time to time as requested by the Authority within three (3) days of the Authority's written notice to the Underwriter and the Purchaser requesting such reduction in the form of Exhibit A hereto; *provided*, that each such reduction amount shall be in an amount equal to \$1,000,000 or an integral multiple thereof and shall be in compliance with the Related Documents.

(b) The Authority may at any time and at its sole option terminate the Commitment Amount upon three (3) Business Days' prior written notice to the Underwriter and the Purchaser. As a condition to any such termination, the Authority shall pay or cause to be paid all other Obligations owed.

*Section 2.5. Conditions Precedent.* This Agreement shall become effective on the date hereof subject to the satisfaction or waiver by the Purchaser and the Underwriter of the conditions precedent set forth in Section 4 of the Bond Purchase Agreement and the issuance of the Drawdown Bonds.

*Section 2.6. Payments.* All payments to be made by or on behalf of the Authority to the Owner Representative or other Owner hereunder, under the Drawdown Bonds and under the other Related Documents shall be fully earned when due and nonrefundable when paid and shall be made in lawful currency of the United States of America and in immediately available funds. All payments to be made by the Authority shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Authority hereunder shall be made to the Owner Representative at the Owner Representative's Office in Dollars and in immediately available funds not later than 12:00 noon, California time, on the date specified herein. All payments received by the Owner Representative after 12:00 noon, California time, shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Authority shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be. Notwithstanding anything herein to the contrary, where this Agreement provides for payment by the Authority to the Owner Representative for any amount, the Authority may satisfy such obligation by causing the Trustee to pay such amount directly to the Owner Representative from Subordinate Net Revenues under the Subordinate Trust Indenture. All payments hereunder to RBCMPLLC shall be made by wire transfer of funds to the following account: [U.S. Bank; ABA #: 091000022; Account #: 160230097208; Account: RBC Capital Markets Corp., FFC: MPI, LLC Account #10107441, Ref: \_\_\_\_] (or to such other account as RBCMPLLC may specify in writing from time to time). Notwithstanding anything in this Section 2.6 to the contrary, so long as any Drawdown Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and Redemption Price of and interest on such Drawdown Bond and all notices with respect to such Drawdown Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

### ARTICLE III

#### SECURITY AND PLEDGE

*Section 3.1. Security and Pledge.* Pursuant to the GRANTING CLAUSE and Section 4.01 of the Master Subordinate Trust Indenture and Section 6.01 of the Fourth Supplemental Subordinate Trust Indenture, the Authority grants to the Purchaser and each Owner a Lien on and pledge of Subordinate Net Revenues to secure the payment of the Drawdown Bonds and the other Obligations. The pledge of the Subordinate Net Revenues for the Drawdown Bonds and the



other Obligations pursuant to the Master Subordinate Trust Indenture and the Fourth Supplemental Subordinate Trust Indenture is a valid and binding obligation of the Authority, on a *pari passu* basis with the holders of all other Subordinate Obligations. No filing, registration, recording or publication of this Agreement, the Master Subordinate Trust Indenture or the Fourth Supplemental Subordinate Trust Indenture or any other instrument nor any prior separation or physical delivery of the Subordinate Net Revenues is required to establish the pledge provided for under the Master Subordinate Trust Indenture or the Fourth Supplemental Subordinate Trust Indenture or to perfect, protect or maintain the Lien created thereby on the Subordinate Net Revenues to secure the payment of principal of and interest on the Drawdown Bonds and the other Obligations.

## ARTICLE IV

### LIABILITY, INDEMNITY AND PAYMENT

*Section 4.1. Liability of the Authority.* The Authority and the Purchaser agree that the obligation of the Authority to pay the Obligations are contractual obligations of the Authority payable solely from the Subordinate Net Revenues and shall not be affected by, and none of the Underwriter, the Purchaser, the Credit Protection Provider, the Owner Representative or any other Owner shall be responsible for, among other things, (i) the validity, genuineness or enforceability of this Agreement, the Drawdown Bonds or documents, notices or endorsements relating thereto (even if this Agreement or any documents, notices endorsements relating thereto should in fact prove to be in any and all respects invalid, fraudulent or forged), (ii) the use to which the amounts disbursed by the Underwriter, the Purchaser and/or an Owner may be put, or (iii) any other circumstances or happenings whatsoever, whether or not similar to any of the foregoing.

*Section 4.2. Indemnification by the Authority.* (a) In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Authority hereby agrees (to the extent permitted by law) to indemnify and hold harmless the Underwriter, the Purchaser, the Credit Protection Provider, the Owner Representative, each Owner and each Participant and their respective officers, directors and agents (each, an “*Indemnitee*”) from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys’ fees) which may incur or which may be claimed against an Indemnitee by any Person or entity whatsoever (collectively, the “*Liabilities*”) by reason of or in connection with (i) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (ii) the making of any Purchases or honoring any Drawings; (iii) the use of the proceeds of the Drawdown Bonds, Purchases or Drawings; (iv) any breach by the Authority of any warranty, covenant, term or condition in, or the occurrence of any default under any of the Related Documents, together with all reasonable expenses resulting from the compromise or defense of any claims or liabilities arising as a result of any such breach or default; (v) any action or proceeding relating to a court order, injunction or other process or decree restraining or seeking to restrain the Underwriter, the Purchaser and/or an Owner from paying any amount under this Agreement (other than actions or proceedings instituted by or on behalf of the Underwriter, the Purchaser and/or an Owner); or (vi) any

investigation, litigation or other proceeding (whether or not the Underwriter, the Purchaser and/or the Owner Representative or any Owner or Participant is a party thereto) related to the entering into and/or each performance of any of the Related Document or the use of the proceeds of the Drawdown Bonds, any Purchases or any Drawings; *provided* that the Authority shall not be required to indemnify an Indemnitee for any [(i)] claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnitee [**as determined by a court of competent jurisdiction in a final non-appealable judgment**][ or (ii) with respect to disputes solely between the Authority and the Indemnitee]; *provided* that the Authority shall only be liable to the Indemnitee to the extent, and only to the extent of any direct, as opposed to special, indirect consequential or punitive damages (the right to receive special, indirect, consequential or punitive damages being hereby waived). Nothing under this Section 4.2 is intended to limit the Authority's payment of the Obligations.

(b) Notwithstanding anything to the contrary contained in this Section 4.2, (i) the Authority shall have no obligation to indemnify an Indemnitee for damages that the Authority proves were caused solely out of the gross negligence or willful misconduct of such Indemnitee, as determined by a court of competent jurisdiction [**in a final non-appealable judgment**], and (ii) the Authority shall have a claim against the Underwriter, the Purchaser, the Owner Representative, an Owner and a Participant, as applicable, and the Underwriter, the Purchaser, the Owner Representative, such Owner and such Participant, as applicable, shall be liable to the Authority, to the extent of any direct, as opposed to special, indirect, consequential, damages suffered by the Authority which the Authority proves were caused solely by such Indemnitee's gross negligence or willful misconduct, as determined by a court of competent jurisdiction.

(c) The obligations of the Authority under this Section 4.2 shall survive the payment of the Drawdown Bonds and all other Obligations and the termination of this Agreement.

*Section 4.3. Increased Costs.* (a) If any Owner, any Credit Protection Provider or any Participant shall determine that any Change in Law now existing or hereafter adopted shall:

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

(ii) subject such Owner, such Credit Protection Provider or such Participant to any Tax (except for Taxes on the overall net income or share capital of such Owner, such Credit Protection Provider or such Participant) of any kind whatsoever with respect to this Agreement or the Drawdown Bonds, or change the basis of taxation of payments to such Owner, such Credit Protection Provider or such Participant in respect thereof (except for Indemnified Taxes or Miscellaneous Taxes covered by Section 4.4 hereof and the imposition of, or any change in the rate of any Excluded Tax payable by such Owner, such Credit Protection Provider or such Participant);

(iii) impose upon such Owner, such Credit Protection Provider or such Participant any other condition or expense with respect to this Agreement, the Drawdown Bonds or any other Related Document; and the result of any of the foregoing is to increase the cost to, reduce the income receivable by, or impose any expense (including loss of margin) upon such Owner, such Credit Protection Provider or such Participant with respect to this Agreement, the Drawdown Bonds or the other Related Documents (or in the case of any capital adequacy or similar requirement, to have the effect of reducing the rate of return on such Owner's, such Credit Protection Provider's or such Participant's capital),

then such Owner, such Credit Protection Provider or such Participant shall from time to time notify, or cause to be notified, the Authority of the amount determined in good faith by such Owner, such Credit Protection Provider or such Participant, as applicable (which determination shall be conclusive absent manifest error) to be necessary to compensate such Owner, such Credit Protection Provider or such Participant, as applicable, for such increase, reduction or imposition. All references to an Owner, Credit Protection Provider or Participant, in Sections 4.3(a), (b), (c) and (d) shall also be deemed to refer to the holding company or parent of such Owner, such Credit Protection Provider and such Participant.

(b) *Capital or Liquidity Requirements.* If any Owner, any Credit Protection Provider or any Participant determines that any Change in Law affecting such Owner, such Credit Protection Provider or such Participant, as applicable, or any of their parent or holding companies, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the capital or liquidity of such Owner, such Credit Protection Provider or such Participant, or any of their parent or holding companies, holding, if any, as a consequence of this Agreement, or making, maintenance or funding of, any Purchase or Drawing under the Bond Purchase Agreement, to a level below that which such Owner, such Credit Protection Provider or such Participant, or their respective parent or holding companies could have achieved but for such Change in Law (taking into consideration such Owner's, such Credit Protection Provider's or such Participant's policies and the policies of their parent or holding companies with respect to capital or liquidity adequacy, as applicable), then from time to time upon written request of such Owner, such Credit Protection Provider or such Participant as set forth in clause (c) of this Section, the Authority shall promptly pay to such Owner, such Credit Protection Provider, such Participant or such Drawdown Bondholder, as the case may be, such additional amount or amounts as will compensate such Owner, such Credit Protection Provider or such Participant, or their parent or holding companies, as applicable, for any such additional capital, liquidity or costs incurred or reduction suffered.

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

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

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

(ii) Subject to the provisions of clause (iii) below, the Authority shall have the opportunity, at the Authority's sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on such Drawdown Bonds to be includable in the gross income of any Owner or any Participant or (2) any challenge to the validity of the tax exemption with respect to the interest on the Drawdown Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall any Owner or any Participant be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Authority or any other Person.

(iii) As a condition precedent to the exercise by the Authority of its right to contest set forth in clause (ii) above, the Authority shall, on demand, immediately reimburse any Owner or any Participant, as applicable, for any and all expenses (including reasonable attorneys' fees for services that may be required or desirable) that may be incurred by such Owner or such Participant, as applicable, in connection with any such contest, and shall, on demand, immediately reimburse such Owner or such Participant, as applicable, for any and all penalties or other charges payable by such Owner or such Participant, as applicable, for failure to include such interest in its gross income.

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

*Section 4.4. Taxes.*

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

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

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

Prior to claiming compensation pursuant to this subsection (c), such Owner, such Credit Protection Provider or such Participant, as applicable, will use reasonable efforts to investigate the alternatives (if any) for avoiding the need for, or the reduction of the amount of, such compensation, and such Owner, such Credit Protection Provider or such Participant, as applicable, shall take all reasonable steps to so avoid the need for, or reduce the amount of such compensation, *provided that*, none of such Owner, such Credit Protection Provider or such Participant shall be obligated to take any steps that are adverse to its business or operations or inconsistent with its policies. Each Owner, each Credit Protection Provider and each Participant, as applicable, agrees to repay the Authority any refund (including that portion of any interest that

was included as part of such refund) with respect to Taxes or Other Taxes paid by the Authority pursuant to this subsection (c) received by such Owner, such Credit Protection Provider or such Participant, as applicable, for Taxes or Other Taxes that were paid by the Authority pursuant to this subsection (c).

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

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

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

(g) *Status of Owners; Tax Documentation.* (i) If any Owner, any Credit Protection Provider or any Participant is entitled to an exemption from or reduction of withholding Taxes with respect to payments made hereunder or under any Related Document, such Owner, such

Credit Protection Provider or such Participant, as applicable, shall deliver to the Authority at the time or times reasonably requested by the Authority, such properly completed and executed documentation reasonably requested by the Authority or as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, such Owner, such Credit Protection Provider or such Participant, as applicable, if reasonably requested by the Authority, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Authority as will enable the Authority to determine whether or not such Owner, such Credit Protection Provider or such Participant is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 4.4(g)(ii) below) shall not be required if, in such Owner's, such Credit Protection Provider's or such Participant's reasonable judgment, such completion, execution or submission would subject such Owner, such Credit Protection Provider or such Participant to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Owner, such Credit Protection Provider or such Participant.

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

*Section 4.5. Calculation of Interest and Fees; Maximum Interest Rate; Default Rate.*

(a) Interest on Drawdown Bonds shall be calculated on the basis of a year of 365 or 366 days, as applicable, based on the actual number of days elapsed. Interest on fees payable hereunder shall be calculated on the basis of a year of 360 days based on the actual number of days elapsed.

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

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

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

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

*Section 4.6. Liability of the Entities.* None of the Underwriter, the Purchaser, the Owner Representative or any other Owner or any of their respective officers, directors, employees, representatives or agents shall be liable or responsible for (i) the use which may be made of any Drawdown Bonds, any Purchases, any Drawings, the Bond Purchase Agreement or this Agreement or for any acts, omissions, errors, interruptions, delays in transmission, dispatch or delivery of any message or advice, however transmitted, of the Underwriter, the Purchaser, the Owner Representative or any other Owner in connection with this Agreement, the Bond Purchase Agreement, the Drawdown Bonds, any Purchases, any Drawings or any other Related Document, (ii) any action, inaction or omission which may be taken by the Underwriter, the Purchaser, the Owner Representative or any other Owner in connection with this Agreement, the Bond Purchase Agreement, the Drawdown Bonds, any Purchases, any Drawings or any Related Document, (iii) the validity, sufficiency or genuineness of documents, or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged, (iv) payment by the Underwriter against presentation of documents which do not comply with the terms of the Bond Purchase Agreement, including failure of any documents to bear any reference or adequate reference to the Bond Purchase Agreement or this Agreement, or (v) any other circumstances whatsoever in making or failing to make payment under the Bond Purchase Agreement, except for acts or events described in the immediately preceding clauses (i) through (v), to the extent, but only to the extent, of any direct, as opposed to special, indirect, consequential or punitive, damages (the right to receive special, indirect, consequential or punitive damages being hereby waived) suffered by it which the Authority proves were caused by (y) the Underwriter's willful misconduct or gross negligence in determining whether documents presented under this Agreement comply with the terms of the Bond Purchase Agreement or (z) the Underwriter's failure to pay under the Bond Purchase Agreement after the presentation to it of a Request for Purchase or a Request for Drawing strictly complying with the terms and conditions of the Bond Purchase Agreement. The Authority further agrees that any action taken or omitted by the Underwriter, the Credit Protection Provider, the Purchaser, the Owner Representative or any Owner under or in connection with this Agreement or the Bond Purchase Agreement or the related draft or documents, if done without willful misconduct or gross negligence, shall be effective against the Authority as to the rights, duties and obligations of the Underwriter, the Credit Protection Provider, the Purchaser, the Owner Representative or such Owner and shall not place the Underwriter, the Credit Protection Provider, the Purchaser, the Owner Representative or such Owner under any liability to the Authority. In furtherance and not in limitation of the foregoing, the Underwriter may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.



*Section 4.7. Obligations Unconditional.* The Authority's obligation to repay the Drawdown Bonds and all of its other Obligations under this Agreement and the other Related Documents [**and to perform the obligations under this Agreement and the other Related Documents strictly in accordance with the terms of this Agreement and the other Related Documents**] shall be absolute and unconditional under any and all circumstances, including without limitation: (a) any lack of validity or enforceability of this Agreement, the Drawdown Bonds or any of the other Related Documents; (b) any amendment or waiver of or any consent to departure from all or any of the Related Documents; (c) the existence of any claim, set-off, defense or other right which the Authority may have at any time against the Owner Representative or any other Owner or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or (e) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing; and irrespective of any setoff, counterclaim or defense to payment which the Authority may have against the Underwriter, the Purchaser, the Owner Representative, any other Owner, any Participant, or any other Person, including, without limitation, any defense based on the failure of any nonapplication or misapplication of the proceeds of Purchases or Drawings under the Bond Purchase Agreement, and irrespective of the legality, validity, regularity or enforceability of this Agreement, the Drawdown Bonds or any or all other Related Documents, and notwithstanding any amendment or waiver of (other than an amendment or waiver signed by the Owner Representative explicitly reciting the release or discharge of any such obligation), or any consent to, or departure from, this Agreement, the Drawdown Bonds or any or all other Related Documents or any exchange, release, or nonperfection of any collateral securing the obligations of the Authority hereunder; *provided, however,* that nothing contained in this Section 4.7 shall abrogate or otherwise affect the rights of the Authority pursuant to Section 4.6 hereof.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

The Authority represents and warrants to the Purchaser and each other Owner as follows:

*Section 5.1. Organization; Existence.* The Authority is duly organized and validly existing as a local government entity of regional government organized and existing pursuant to the Act.

*Section 5.2. Power and Authority.* The Authority has (and had at the time of adoption, execution, delivery, issuance, sale or performance) full power, right and authority to (a) execute, deliver and perform its obligations under this Agreement and each of the Related Documents to which it is a party, and any and all instruments and documents required to be executed, adopted or delivered pursuant to or in connection herewith or therewith; (b) borrow amounts under the Subordinate Trust Indenture and the Bond Purchase Agreement and to execute, deliver and perform its obligations under the Drawdown Bonds and to repay the Obligations at the times and in the manner set forth herein and under the Drawdown Bonds and the Subordinate Trust Indenture; (c) possess, manage and operate the Airport System and carry on its business as now conducted; and (d) perform each and all of the matters and things herein and therein provided for

and the Authority has complied in all material respects with the laws of the State in all matters relating to such execution, delivery and performance.

*Section 5.3. Due Authorization.* This Agreement, the Subordinate Trust Indenture and each of the Related Documents to which the Authority is a party have been duly authorized, executed, issued and delivered. This Agreement, the Subordinate Trust Indenture, the Drawdown Bonds and each of the Related Documents to which the Authority is a party constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as such enforceability may be limited by the valid exercise of judicial discretion and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium, or other similar laws and equitable principles relating to or affecting creditors' rights generally from time to time in effect. The Obligations are payable from and secured by Subordinate Net Revenues as set forth herein and in the Subordinate Trust Indenture. The Drawdown Bonds will be duly issued, executed and delivered in conformity with the Act and the Subordinate Trust Indenture, and constitute legal, valid and binding special obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and entitled to the benefit and security of the Subordinate Trust Indenture.

*Section 5.4. Necessary Actions Taken.* The Authority has taken all actions necessary to be taken by it (a) for the execution and delivery of the Drawdown Bonds as Subordinate Obligations; (b) for the execution, adoption and delivery by the Authority of any and all instruments and the taking of all such other actions on the part of the Authority as may be necessary or appropriate for the effectuation and consummation of the transactions on the part of the Authority contemplated by this Agreement and the Related Documents or in connection herewith or therewith; and (c) to authorize or approve, as appropriate, the execution or adoption, issuance and delivery of, and the performance of its obligations under and the transactions contemplated by this Agreement and each of the Related Documents to which it is a party and the payment of the Obligations and the Drawdown Bonds at the times and in the manner set forth.

*Section 5.5. No Contravention.* The execution and delivery of this Agreement and each of the Related Documents to which the Authority is a party and compliance with the provisions hereof and thereof, will not conflict with or result in a violation of the Constitution or the laws of the State, including any debt limitations or other restrictions or conditions on the debt issuing power of the Authority, and will not conflict with or result in a violation of, or breach of, or constitute a default under, any law, judgment, order, decree or administrative regulation or any of the terms, conditions or provisions of the Act, the Master Senior Indenture or the Subordinate Trust Indenture or any ordinance, judgment, decree, contract, loan agreement, note, bond, resolution, indenture, mortgage, deed of trust or other agreement or instrument to which the Authority is a party or by which it or any property of the Authority is bound and will not, except as expressly provided herein, result in the imposition or creation of any lien, charge, or encumbrance upon or invalidate or adversely affect in any way the Subordinate Net Revenues.

The Authority has not received any notice, not subsequently withdrawn, given in accordance with the remedy provisions of any bond resolution or ordinance, trust indenture, guarantee or agreement or State law pertaining to bonds or notes secured by the Subordinate Net Revenues, of any default or event of default of the Authority which has not been cured, remedied or waived.

*Section 5.6. Compliance.* The current collection of Subordinate Net Revenues and the management of the Airport System and the accounting and recordkeeping therefor are in material compliance with all applicable state and federal laws and all applicable resolutions, ordinances and rules of the Authority. **[The Authority is in compliance with all laws, ordinances, orders, rules and regulations applicable to it, except to the extent noncompliance could not reasonably be expected to have a Material Adverse Effect.]** The Authority is in compliance with the terms and conditions of the Subordinate Trust Indenture and each of the other Related Documents to which it is a party, and no breach of the terms hereof or thereof has occurred and is continuing, and no Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default has occurred and is continuing.

*Section 5.7. No Default.* No default by the Authority has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness issued by the Authority and secured by the Subordinate Net Revenues. No bankruptcy, insolvency or other similar proceedings pertaining to the Authority or any agency or instrumentality of the Authority are pending or presently contemplated.

*Section 5.8. No Public Vote, Referendum or Legal Change.* (a) To the best knowledge of the Authority, there is no proposed amendment to the Constitution of the State or any proposed public vote, referendum or other ballot initiative, the effect of which could reasonably be expected to have a Material Adverse Effect.

(b) There is no amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any public vote or referendum or other ballot initiative or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect.

*Section 5.9. No Immunity.* Under existing law, the Authority is not entitled to raise the defense of sovereign or governmental immunity in connection with any legal proceedings to enforce or collect upon this Agreement, the Drawdown Bonds, the Related Documents or the transactions contemplated hereby or thereby, including, without limitation, the payment of the Obligations; *provided, however*, that a claimant shall be required to comply with the provisions of the Tort Claims Act set forth in California Government Code Section 810 *et seq.* in tort or contract suits, actions or proceedings brought against the Authority.

*Section 5.10. Litigation.* There is no action, investigation, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the Authority or the Airport System or any arbitration in which service of process has been completed against the Authority or the Airport System or, to the knowledge of the Authority, any other action, investigation, suit or proceeding pending or threatened in any court, any other governmental authority with

jurisdiction over the Authority or the Airport System or any arbitration, in either case against the Authority or the Airport System or any of their respective properties or revenues, or any of the Related Documents to which it is a party, which if determined adversely to the Authority would adversely affect (A) the legality, validity or enforceability of this Agreement, the Drawdown Bonds or the Related Documents to which it is a party, (B) the validity, enforceability or perfection of the pledge of and lien on the Subordinate Net Revenues or on the amounts held in funds, accounts and subaccounts under the Subordinate Trust Indenture, (C) the status of the Authority as a local government entity of regional government, organized and validly existing under the laws of the State, (D) the exemption of interest on the Drawdown Bonds from the gross income of the recipients thereof for Federal income tax purposes, or (E) the rights and remedies of the Purchaser and/or Owner Representative under any of the Related Documents or which is reasonably likely to have a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Effective Date as to which the Owner Representative has received an opinion of counsel satisfactory to the Owner Representative, in form and substance satisfactory to the Owner Representative and its counsel, to the effect that such action, suit or proceeding is without substantial merit.

*Section 5.11. Disclosure.* All information, reports and other papers and data with respect to the Authority furnished to the Owner Representative, at the time the same were so furnished, were accurate in all material respects. Any financial, budget and other projections furnished to the Purchaser and the Owner Representative were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections.

*Section 5.12. Financial Information.* The Authority has delivered to the Owner Representative a copy of the audited financial statements for the Authority and the Airport System for the fiscal year ended June 30, 2016. These together with related notes, fairly present the financial position and results of operation of the Authority and the Airport System as of the date and for the periods therein set forth. All such financial statements have been prepared in accordance with GAAP. There has been no material adverse change in the financial position, including the Net Revenues and Subordinate Net Revenues, results of operations or projections of revenues of the Airport System since June 30, 2016, except as disclosed in writing to the Owner Representative prior to the Effective Date, which would be reasonably likely to result in a Material Adverse Effect. The Authority has no material contingent liabilities or other material contracts or commitments payable from Subordinate Net Revenues which are not reflected in such financial statements previously delivered to the Owner Representative or in the notes thereto or otherwise as disclosed to the Owner Representative.

*Section 5.13. Official Signatures.* An Authorized Authority Representative has and had full power and authority to execute, deliver and perform under this Agreement and each of the Related Documents to which the Authority is a party. Any agreement, certificate or request signed by or on behalf of any Authorized Authority Representative or Designated Representative and delivered to the Purchaser shall be deemed a representation and warranty by the Authority to the Purchaser as to the truth, accuracy and completeness of the statements made by the Authority therein.

*Section 5.14. Incorporation of Representations and Warranties by Reference.* The Authority hereby makes to the Purchaser and each Owner the same representations and warranties made by the Authority in each Related Document to which the Authority is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Purchaser and each Owner with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. Except as permitted by Section 6.15 hereof, no amendment to such representations and warranties or defined terms made pursuant to any Related Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Purchaser.

*Section 5.15. Environmental Matters.* To the best knowledge of the Authority, the operations of the Airport System (i) have not become subject to any Environmental Liability nor does the Authority know of any basis for any Environmental Liability and (ii) are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations (including all Environmental Laws) and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action would have a Material Adverse Effect. The Authority has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law.

*Section 5.16. Security; Pledge of Subordinate Net Revenues Securing Obligations.* The Subordinate Trust Indenture creates, for the benefit of the Purchaser, and the other Owners, with respect to the payment of the principal of and interest on the Drawdown Bonds and the Obligations, the legally valid, binding and irrevocable lien on and pledge of the Subordinate Net Revenues. There is no lien on the Subordinate Net Revenues other than the liens created by the Subordinate Trust Indenture. None of the Master Senior Trust Indenture, the Master Subordinate Trust Indenture or the Fourth Supplemental Subordinate Trust Indenture permit the issuance of any Debt secured by the Subordinate Net Revenues to rank senior to the payment of the principal of and interest on the Subordinate Obligations, the Drawdown Bonds or the Obligations, other than the Senior Lien Revenue Bonds and reserves established with respect to the Senior Lien Revenue Bonds. The payment of the Obligations ranks on a parity with the payment of the principal of and interest on the Subordinate Obligations and is not subordinate to any payment secured by a lien on the Subordinate Net Revenues or any other claim other than payments with respect to the principal of, purchase price, premium, if any, and interest on the Senior Lien Revenue Bonds and the funding of reserves therefor as set forth in the Master Subordinate Trust Indenture and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien. No filing, registration, recording or publication of the Subordinate Trust Indenture or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the lien created thereby on the Subordinate Net Revenues to secure the Drawdown Bonds and the Obligations. As of the Effective Date, there is no indebtedness of the Authority payable from or secured by the Subordinate Net Revenues or amounts held in funds, accounts or subaccounts under the Subordinate Trust Indenture or any portion thereof on a basis that is on a parity with the Obligations other than the Subordinate Obligations existing as of the Effective Date. The

Obligations and the Drawdown Bonds constitute “Subordinate Obligations” for purposes of the Subordinate Trust Indenture.

*Section 5.17. Tax Exempt Status of Drawdown Bonds.* The Authority has not taken any action and knows of no action that any other Person has taken which would cause interest on any Drawdown Bond to be included in the gross income of the recipients thereof for Federal income tax purposes.

*Section 5.18. Margin Regulations.* The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Drawdown Bonds, any Purchases, any Drawings or any other amounts received from the Purchaser pursuant to this Agreement or from the Underwriter pursuant to the Bond Purchase Agreement will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

*Section 5.19. The Drawdown Bonds.* The Drawdown Bonds will be duly issued and the Drawdown Bonds and the Obligations shall constitute Subordinate Obligations under the Subordinate Trust Indenture and will be entitled to the benefits thereof.

*Section 5.20. Pari Passu.* Under the laws of the State, the obligation of the Authority under this Agreement and the Subordinate Trust Indenture to pay interest at the applicable Drawdown Rate, the Default Rate or the Taxable Drawdown Rate as set forth herein constitutes a charge and lien on the Subordinate Net Revenues equal to and on a parity with the charge and lien upon the Subordinate Net Revenues for the payment of the other Obligations and the principal of and interest on the Drawdown Bonds and all other Subordinate Obligations under the Subordinate Trust Indenture, and, with respect to Net Revenues, subordinate only to the Senior Lien Revenue Bonds and reserves relating thereto.

*Section 5.21. Maximum Interest Rate.* The terms of the Related Documents (including the Drawdown Bonds) regarding the calculation of interest and fees do not violate any applicable usury laws.

*Section 5.22. Valid Lien.* The Authority’s irrevocable pledge of the Subordinate Net Revenues and amounts hereunder and under the Subordinate Trust Indenture and in the funds, accounts and subaccounts established and maintained under the Subordinate Trust Indenture to and for the payment of the Obligations of the Authority under this Agreement and the Subordinate Trust Indenture and for the payment of the Obligations and the Drawdown Bonds is valid and binding and no further acts, instruments, approvals or consents are necessary for the creation, validity or perfection thereof. The provisions of the Subordinate Trust Indenture constitute a contract between the Authority and each Owner subject to the provisions of the Subordinate Trust Indenture, and each Owner (or the Owner Representative on behalf of the Owners), may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Authority as a result of issuing the Drawdown Bonds.

*Section 5.23. ERISA; Plans; Employee Benefit Plans.* The Authority is not subject to ERISA and maintains no Plans and has no funding obligations under any employee benefit plans which could reasonably be expected to result in a Material Adverse Effect.

*Section 5.24. Solvency.* After giving effect to the issuance of the Drawdown Bonds and the other obligations contemplated by this Agreement, the Authority is solvent, having assets of a fair value which exceeds the amount required to pay its debts (including contingent, subordinated, unmatured and unliquidated liabilities) as they become absolute and matured, and the Authority is able to and anticipates that it will be able to meet its debts as they mature and has adequate capital to conduct its business in which it is engaged.

*Section 5.25. Anti-Terrorism Laws.* Neither the Authority nor any of Affiliates thereof is in violation of any Laws relating to terrorism or money laundering (“*Anti-Terrorism Laws*”), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “*Executive Order*”), and the Patriot Act;

(i) neither the Authority nor any Affiliate thereof is any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person with which the Underwriter, the Purchaser or any Owner is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(E) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset Control (“*OFAC*”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list; and

(ii) to the best of the Authority’s knowledge neither the Authority nor any Affiliate thereof (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (i) above, (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

*Section 5.26. Sale of Drawdown Bonds to Underwriter.* Neither the Authority nor anyone authorized to act on its behalf, directly or indirectly, has offered the Drawdown Bonds for sale to, or solicited any offer to buy the Drawdown Bonds from, anyone other than the Underwriter.

## ARTICLE VI

### COVENANTS OF THE AUTHORITY

So long as the Commitment Amount or any Drawdown Bond is outstanding and until all Obligations shall have been paid in full, the Authority hereby covenants and agrees with the Purchaser and each other Owner, unless otherwise consented to in writing by the Owner Representative in its sole discretion, as follows:

*Section 6.1. Maintenance of Existence.* To the extent permitted by law, the Authority shall maintain its existence, rights and privileges pursuant to the Act and the laws of the State and at all times maintain its ownership of the Airport System.

*Section 6.2. Reports, Certificates and Other Information.* The Authority shall furnish or cause to be furnished to the Owner Representative copies of:

(a) as soon as available, but in any event within one hundred eighty-one (181) days after the end of each Fiscal Year, the annual audited financial statements for the Authority together with the opinion of the Authority's independent accountants and a certificate from the Executive Director or the Vice President, Finance and Asset Management/Treasurer addressed to the Owner Representative demonstrating compliance with Section 6.7 hereof and stating that neither a Potential Bondholder's Agreement Event of Default nor a Bondholder's Agreement Event of Default has occurred which was continuing at the end of such Fiscal Year or on the date of his certification, or, if such an event has occurred and was continuing at the end of such Fiscal Year or on the date of his certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto;

(b) (i) as soon as available, but in any event within sixty (60) days after December 31 of each year, a copy of the unaudited financial statements of the Authority for the six months ended December 31, accompanied by a certification from the Executive Director or the Vice President, Finance and Asset Management/Treasurer addressed to the Owner Representative stating that neither a Potential Bondholder's Agreement Event of Default nor a Bondholder's Agreement Event of Default has occurred which was continuing at the end of such six month period or on the date of the certification, or, if such an event has occurred and was continuing at the end of such six month period or on the date of the certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto; and (ii) as soon as available, but in any event within sixty (60) days after the end of each fiscal quarter of each Fiscal Year, a copy of the unaudited financial statements of the Authority for such fiscal quarter; *provided* that the requirement to furnish such quarterly unaudited financial



statements will be deemed to have been satisfied if the Authority shall have posted such financial statements on its website within such sixty (60) day period; *provided, further*, that (A) if such quarterly unaudited financial statements are not posted on the Authority's website within such sixty (60) day period, the Authority shall furnish or cause to be furnished to the Owner Representative a copy of the quarterly unaudited financial statements of the Authority for such fiscal quarter within ten (10) Business Days of the Owner Representative's request therefor and (B) the failure to post any unaudited financial statements on the Authority's website shall not be a Bondholder's Agreement Event of Default under 7.1(c) hereof;

(c) as soon as available, but in any event within thirty (30) days following the approval thereof, the Authority Budget and annual appropriation resolution for the Authority;

(d) as soon as available, all notices, certificates, instruments, letters and written commitments in connection with the Obligations provided to the Trustee other than those notices, certificates, instruments, letters and written commitments that relate solely to the routine issuance and payment of the Obligations;

(e) within ten (10) days after the issuance by the Authority of any Senior Lien Revenue Bonds secured by Net Revenues or any Subordinate Obligations secured by Subordinate Net Revenues, with respect to which a final official statement or other offering circular has been prepared by the Authority, the Authority will provide to the Owner Representative notice of such issuance and a copy of such official statement or offering circular (or a link to EMMA with respect to such official statement or offering circular);

(f) (i) promptly upon obtaining knowledge of any Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default, or notice thereof, and within five (5) days thereafter, a certificate signed by a Designated Representative specifying in reasonable detail the nature and period of existence thereof and what action the Authority has taken or proposes to take with respect thereto; and (ii) promptly following a written request of the Owner Representative, a certificate of a Designated Representative as to the existence or absence, as the case may be, of a Potential Bondholder's Agreement Event of Default or a Bondholder's Agreement Event of Default;

(g) promptly, provide the Owner Representative notice of any change in any Authority Rating;

(h) as promptly as practicable, written notice to the Owner Representative of all litigation served against the Authority and all proceedings before any court or governmental authority which could reasonably be expected to have a Material Adverse Effect or of any other event which is likely to have a Material Adverse Effect; and

(i) such other information regarding the affairs and condition of the Authority and the Airport System as the Owner Representative may from time to time reasonably request; *provided* that the Authority shall not be required to furnish such information if doing so violates applicable law as reasonably construed.

*Section 6.3. Maintenance of Books and Records.* The Authority will keep, and cause to be kept, proper books of record and account in which full, true and correct entries in accordance with the Authority's budget basis accounting principles and reporting practices will be made of all dealings or transactions in relation to its activities.

*Section 6.4. Access to Books and Records.* To the extent permitted by law, the Authority will permit any Person designated by the Owner Representative (at the expense of the Owner Representative) to visit any of the offices of the Authority to examine the books and financial records (except books and financial records the examination of which by the Owner Representative is prohibited by law or subject to some privilege), including minutes of meetings of any relevant governmental committees or agencies, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Authority with their principal officials, all at such reasonable times and as often as the Owner Representative may reasonably request.

*Section 6.5. Compliance with Documents.* The Authority agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in each of the Related Documents to which it is a party, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Owners and shall be enforceable against the Authority. To the extent that any such incorporated provision permits the Authority or any other Person to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Authority or any Person, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Owner Representative in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Owner Representative which shall only be evidenced by the written approval by the Owner Representative of the same. Except as permitted by Section 6.15 hereof, no termination or amendment to such covenants and agreements or defined terms or release of the Authority with respect thereto made pursuant to any of the Related Documents to which the Authority is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the Authority with respect thereto in each case as incorporated by reference herein without the prior written consent of the Owner Representative. Notwithstanding any termination or expiration of any such Related Document to which the Authority is a party, the Authority shall, unless such Related Document has terminated in accordance with its terms and has been replaced by a new Related Document, continue to observe the covenants therein contained for the benefit of the Owners until the termination of this Agreement. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

*Section 6.6. Compliance with Law.* The Authority shall comply with and observe the obligations and requirements set forth in the Constitution of the State of California and in all laws, statutes, rules and regulations binding upon it relating to the Airport System and the Related Documents to which the Authority is a party.

*Section 6.7. Rate Covenant.* The Authority covenants and agrees that it shall take any and all action necessary such that Revenues and Subordinate Net Revenues in each Fiscal Year shall equal an amount at least sufficient to satisfy the provisions of Section 5.04 of the Master Subordinate Trust Indenture.

*Section 6.8. Further Assurances.* From time to time hereafter, the Authority will execute and deliver such additional instruments, certificates or documents, and will take all such actions as the Owner Representative may reasonably request for the purposes of implementing or effectuating the provisions of the Related Documents to which the Authority is a party or for the purpose of more fully perfecting or renewing the rights of the Owners with respect to the rights, properties or assets subject to such documents (or with respect to any additions thereto or replacements or proceeds thereof or with respect to any other property or assets hereafter acquired by the Authority which may be deemed to be a part thereof). Upon the exercise by the Owner Representative of any power, right, privilege or remedy pursuant to the Related Documents to which the Authority is a party which requires any consent, approval, registration, qualification or authorization of any governmental authority or instrumentality, the Authority will, to the extent permitted by law, execute and deliver all necessary applications, certifications, instruments and other documents and papers that the Owner Representative may be required to obtain for such governmental consent, approval, registration, qualification or authorization.

*Section 6.9. No Impairment.* The Authority will neither take any action, nor cause any Person to take any action, under any Related Document which would materially adversely affect the rights, remedies or security of the Owner Representative or any other Owner under this Agreement or any other Related Document or which could result in a Material Adverse Effect.

*Section 6.10. Application of Proceeds.* The Authority will not take or omit to take any action, which action or omission will in any way result in the proceeds from any Purchase or Drawing being applied in a manner other than as provided in the Subordinate Trust Indenture, the Tax Certificate and this Agreement.

*Section 6.11. DTC.* The Authority shall at all times cause each Subseries of the Drawdown Bonds to be held with DTC or through the systems of DTC (i.e., the Fast Automated Securities Transfer System) and shall cause each Subseries of the Drawdown Bonds to be assigned a CUSIP number.

*Section 6.12. Reserved.*

*Section 6.13. Limitation on Additional Debt.* The Authority will not issue any additional Subordinate Obligations payable from or secured by Subordinate Net Revenues (other than the Revolving Obligations issued in accordance with the provisions of the Master Subordinate Trust Indenture, the Third Supplemental Subordinate Trust Indenture and the Revolving Credit

Agreement, and the Drawdown Bonds issued pursuant to the Subordinate Trust Indenture) unless the Authority complies with the provisions of Section 2.11 of the Master Subordinate Trust Indenture. Within ten (10) days after the issuance by the Authority of any Subordinate Obligations secured by Subordinate Net Revenues, the Authority will provide the Owner Representative copies of the certificates required to be delivered by the Authority pursuant to Section 2.09(d) and (e) of the Master Subordinate Trust Indenture.

*Section 6.14. Maintenance of Tax Exempt Status.* The Authority will not take any action or omit to take any action that, if taken or omitted, would adversely affect the exclusion of interest on any Drawdown Bond from the gross income of any Owner for Federal income tax purposes; *provided, however*, that the Authority shall not be in violation of the provisions of this Section 6.14 as a result of an Owner being a “substantial user” of the projects financed or refinanced with proceeds of an AMT Drawdown Bond or a “related person” for purposes of Section 147(a) of the Code.

*Section 6.15. Amendments to Master Subordinate Trust Indenture, Fourth Supplemental Subordinate Trust Indenture and Other Related Documents.* The Authority will not amend or modify, or permit to be amended or modified in any manner whatsoever (i) Sections 2.11, 4.01, 4.02 (excluding clauses (vi) and (vii) of subparagraph (b) thereof), 5.03, 5.04, 5.06, 5.08, 5.09 or 5.12 of the Master Senior Trust Indenture and Sections 2.11, 4.01, 5.04, 5.07 or 5.08 of the Master Subordinate Trust Indenture, in each case without the prior written consent of the Owner Representative nor shall it amend, modify or supplement any other provision of the Master Senior Trust Indenture or the Master Subordinate Trust Indenture (other than those set forth above) in a manner which would have a material adverse effect upon the Authority’s ability to perform its obligations under this Agreement or to repay indebtedness that is secured by the Subordinate Net Revenues or which adversely affects the security for the Drawdown Bonds or the Authority’s ability to repay when due the Obligations or the rights or remedies of the Owner Representative under the Related Documents or hereunder; or (ii) any other Related Document without the prior written consent of the Owner Representative (except the Tax Certificate).

*Section 6.16. Maintenance of Insurance.* The Authority covenants and agrees that it shall comply with Section 5.10 of the Master Senior Trust Indenture.

*Section 6.17. Reserved.*

*Section 6.18. Taxes and Liabilities.* The Authority shall pay all its indebtedness and obligations promptly and in accordance with their terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, which default could have a Material Adverse Effect; *provided* that the Authority shall have the right to defer payment or performance of obligations to Persons other than the Owners and the Trustee with respect to the Drawdown Bonds so long as it is contesting in good faith the validity of such obligations by appropriate legal action and no final order or judgment has been entered with respect to such obligations.

*Section 6.19. Trustee.* Unless otherwise consented to in writing by the Owner Representative, the Authority shall ensure that any replacement Trustee shall have capital of not less than \$500,000,000, and such Trustee or its respective parent organization shall have an underlying rating from Moody's and S&P of at least "A2" (or its equivalent) and "A" (or its equivalent), respectively.

*Section 6.20. Waiver of Sovereign Immunity.* The Authority hereby agrees not to assert the defense of any right of sovereign or governmental immunity in any legal proceeding to enforce or collect upon the obligations of the Authority under this Agreement or any other Related Document or the transactions contemplated hereby or thereby.

*Section 6.21. Credit Facilities.* (i) In the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides such Person with additional or more restrictive covenants (including without limitation financial covenants) and/or additional or more restrictive events of default (collectively, the "Additional Rights") than are provided to the Owner Representative in this Agreement, then, upon the occurrence of an event of default (without regard to a waiver of such event of default) under such agreement (or amendment thereto) caused by such Additional Rights, such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Owner Representative shall have the benefits of such Additional Rights; *provided, however*, that such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Owner Representative shall have the benefits of such Additional Rights only from and after the occurrence of an event of default under the related Bank Agreement caused by the Additional Rights or a failure by the Authority to comply with such Additional Rights. The Authority shall promptly, upon the occurrence of an event of default (without regard to a waiver of such event of default) under the related Bank Agreement caused by such Additional Rights or a failure by the Authority to comply with such Additional Rights, enter into an amendment to this Agreement to include such Additional Rights, *provided* that the Owner Representative shall maintain the benefit of such Additional Rights even if the Authority fails to provide such amendment. If the Authority shall amend the related Bank Agreement such that it no longer provides for such Additional Rights, then, without the consent of the Owner Representative, this Agreement shall automatically no longer contain the related Additional Rights and the Owner Representative shall no longer have the benefits of any of the related Additional Rights.

(ii) In the event that the Authority shall enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides for any term or provision which permits any outstanding advance, loan or drawing to be amortized over a period shorter than the Amortization Period set forth in Section 2.1(e) hereof (such shorter amortization period, the "*Shorter Amortization Period*"), this Agreement shall automatically be deemed to be amended such that the Amortization Period set forth in Section 2.1(e) hereof shall be such Shorter Amortization Period. Upon the occurrence of the conditions set forth in the immediately preceding sentence, the Authority shall promptly enter into an amendment to this Agreement such that the Amortization Period equals such Shorter Amortization Period, *provided* that the Amortization Period shall equal the Shorter Amortization Period regardless of whether this Agreement is

amended. If the Authority shall amend the Bank Agreement such that it no longer provides for an amortization of the related advance, loan, drawing or other obligation for a period less than the Amortization Period as of the Effective Date, then, the Authority shall promptly enter into an amendment to this Agreement such that the Amortization Period equals the Amortization Period set forth in Section 2.1(e) hereof as of the Effective Date, *provided* that the Amortization Period shall equal the Amortization Period set forth in Section 2.1(e) hereof as of the Effective Date regardless of whether this Agreement is amended.

*Section 6.22. Right to Accelerate.* In the event the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which Bank Agreement includes the right to accelerate the payment of the principal of or interest on any series of Senior Lien Revenue Bonds or Subordinate Obligations upon the occurrence and continuation of an event of default or event of termination under such Bank Agreement, or such Bank Agreement includes the right to accelerate the payment of the principal of or interest on any series of Senior Lien Revenue Bonds or Subordinate Obligations upon the occurrence and continuation of an event of default or event of termination under such Bank Agreement within a shorter period than is available to the Owner Representative under this Agreement (herein referred to as “*New Acceleration Provisions*”), then such New Acceleration Provisions shall automatically be deemed incorporated herein and the Owner Representative shall automatically have the benefit of such New Acceleration Provisions. The Authority shall promptly, upon the occurrence of the Authority entering into any Bank Agreement (or amendment thereto) which provides for New Acceleration Provisions, enter into an amendment to this Agreement to include such New Acceleration Provisions; *provided* that the Owner Representative shall maintain the benefit of such New Acceleration Provisions even if the Authority fails to provide such amendment. The release, termination or other discharge of such Bank Agreement that provides for such New Acceleration Provisions shall be effective to amend, release, terminate or discharge (as applicable) such provisions as incorporated by reference herein without the consent of the Owner Representative.

*Section 6.23. Maintenance of Ratings.* The Authority shall at all times maintain long-term unenhanced ratings on the Subordinate Obligations (other than this Agreement, the Drawdown Bonds and the Obligations hereunder, and the Revolving Credit Agreement, the Revolving Obligations and the note issued pursuant to the Third Supplemental Subordinate Indenture and the Revolving Credit Agreement) by any two Nationally Recognized Statistical Rating Organizations (as defined under the Securities Exchange Act of 1934, as amended) approved by the Owner Representative. As of the Effective Date, the Authority maintains long-term unenhanced ratings on the Subordinate Obligations from Fitch, Moody’s and S&P. Such Rating Agencies are approved by the Owner Representative (unless and until the Owner Representative notifies the Authority in writing that it no longer approves of Fitch, Moody’s or S&P).

*Section 6.24. Liens, Etc.* The Authority shall not create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under the Subordinate Trust Indenture except those Liens specifically permitted under the Subordinate Trust Indenture; *provided, however,* that, unless otherwise consented to in advance in writing by the Owner Representative,

in no event will the Authority permit any Lien upon the Net Revenues or the Subordinate Net Revenues securing any termination payment pursuant to any Swap Contract to be on parity with or senior to the Lien on Subordinate Net Revenues securing the Obligations and the Drawdown Bonds.

*Section 6.25. Federal Reserve Board Regulations.* The Authority shall not use any portion of the proceeds of any of the Drawdown Bonds or any Purchase or Drawing for the purpose of carrying or purchasing any Margin Stock.

*Section 6.26. Use of Information.* Except as may be required by law (including, but not limited to, federal and state securities laws), the Authority shall not use the Underwriter's, the Purchaser's, the Owner Representative's or any other Owner's name in any published materials (other than the Authority's staff reports, annual statements, audited financial statements, and rating agency presentations) without the prior written consent of such Person (which consent shall not be unreasonably withheld); *provided* that, without the prior written consent of such applicable Person, the Authority may identify the Purchaser as a party to this Agreement, the Underwriter as a party to the Bond Purchase Agreement, the stated amount of the Commitment, the expiration date of the Commitment, that the interest rate on the Drawdown Bonds is based on a SIFMA plus a spread (such spread shall not be identified) and that the Drawdown Bonds and the Authority's obligations under this Agreement are secured by Subordinate Net Revenues, in offering documents with respect to the Senior Lien Revenue Bonds and the Subordinate Obligations, so long as no other information relating to this Agreement or the Owner Representative is disclosed in such offering documents without the prior written consent of the Owner Representative.

*Section 6.27. Consolidation, Merger, Etc.* The Authority shall not dissolve or otherwise dispose of all or substantially all of the assets of the Authority or consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority; *provided, however*, that the Authority may consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority if each of the following conditions shall have been fulfilled:

(i) such merger or consolidation shall be with or into another governmental entity which shall assume in writing, reasonably satisfactory in form and substance to the Owner Representative, or by operation of law the due and punctual performance and observance of all of the covenants, agreements and conditions of this Agreement and the other Related Documents;

(ii) such merger or consolidation shall not adversely affect or impair to any extent or in any manner (1) the Subordinate Net Revenues, (2) the availability of the Subordinate Net Revenues for the payment and security of the Drawdown Bonds and the obligations of the Authority under this Agreement, or (3) the pledge or security afforded by the Master Senior Trust Indenture and the Master Subordinate Trust Indenture to the Senior Lien Revenue Bonds and the Subordinate Obligations, and the Authority shall have furnished to the Owner Representative, for the benefit of the Owners, an opinion of its Bond Counsel,

satisfactory in form and substance to the Owner Representative, to such effect; and

(iii) the Authority shall have given the Owner Representative not less than 60 days' prior written notice of such merger or consolidation and furnished to the Owner Representative all such information concerning such merger or consolidation as shall have been reasonably requested by the Owner Representative.

*Section 6.28. Incorporation of Waiver of Jury Trial and Judicial Reference from Bank Agreements.* In the event that the Authority has or shall enter into, or otherwise consent to any Bank Agreement which (i) provides that the Authority waives any right to a trial by jury in any action, suit or proceeding arising under or relating to such Bank Agreement, or (ii) provides that the Authority consents to the adjudication of any action, suit or proceeding arising under or relating to such Bank Agreement pursuant to judicial reference as provided in California Code of Civil Procedure Section 638, this Agreement shall be deemed to be amended to include a substantially similar provision for the benefit of the Owner Representative and each other Owner (any such provision described in (i) or (ii) referred to herein as a “*Section 6.28 Bank Agreement Provision*”). The Authority shall promptly notify the Owner Representative of any Bank Agreement which it enters into with any other Person which contains a Section 6.28 Bank Agreement Provision, and the Authority shall promptly, and in any event within thirty (30) Business Days after the effective date of such Bank Agreement provide the Owner Representative with a copy of such Bank Agreement. To evidence the foregoing, upon the reasonable request of the Owner Representative, the Authority shall enter into an amendment to this Agreement within sixty (60) days after a request by the Owner Representative to document any Section 6.28 Bank Agreement Provision deemed to be added to this Agreement pursuant to this Section. Notwithstanding the foregoing, the Owner Representative and each other Owner shall automatically maintain the benefit of any Section 6.28 Bank Agreement Provision, even if the Authority fails to provide the Owner Representative with a copy of such Bank Agreement containing the Section 6.28 Bank Agreement Provision or fails to enter into any such amendment to this Agreement with the Owner Representative.

## ARTICLE VII

### BONDHOLDER’S AGREEMENT EVENTS OF DEFAULT

*Section 7.1. Bondholder’s Agreement Events of Default.* The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of law) shall be a “*Bondholder’s Agreement Event of Default*” hereunder, unless waived in writing by the Owner Representative:

(a) the Authority fails to pay, or cause to be paid, when due (i) any principal of or interest on any Drawdown Bond or (ii) any other Obligation;

(b) any representation, warranty or statement made by or on behalf of the Authority herein or in any Related Document to which the Authority is a party or in any



certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or the documents, certificates or statements of the Authority (including unaudited financial reports, budgets, projections and cash flows of the Authority and the Airport System) furnished to the Owner Representative by or on behalf of the Authority in connection with the transactions contemplated hereby, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made;

(c) (i) the Authority fails to perform or observe any term, covenant or agreement contained in Sections 6.1, 6.9, 6.13, 6.14, 6.15, 6.18, 6.23, 6.24 and 6.25 inclusive; or (ii) the Authority fails to perform or observe any other term, covenant or agreement contained in this Agreement (other than those referred to in Sections 7.1(a), or 7.1(c)(i) hereof or any other Bondholder's Agreement Event of Default hereunder) and any such failure cannot be cured or, if curable, remains uncured for thirty (30) days after written notice thereof to the Authority;

(d) the Authority shall (i) default in the payment of the principal of or interest on the Senior Lien Revenue Bonds or the Subordinate Obligations (other than the Drawdown Bonds), beyond the period of grace, if any, provided in the instrument or agreement under which such Senior Lien Revenue Bonds or Subordinate Obligations was issued or incurred; (ii) default in the observance or performance of any agreement or condition relating to any Senior Lien Revenue Bonds or Subordinate Obligations or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause the holder or holders of such Senior Lien Revenue Bonds or Subordinate Obligations (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Senior Lien Revenue Bonds or Subordinate Obligations to become due prior to its stated maturity; or (iii) default in the observance or performance of any agreement or condition relating to any Senior Lien Revenue Bonds or Subordinate Obligations or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to permit the holder or holders of such Senior Lien Revenue Bonds or Subordinate Obligations (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Senior Lien Revenue Bonds or Subordinate Obligations to become due prior to its stated maturity;

(e) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Drawdown Bonds or any other Subordinate Obligations or (B) the validity or enforceability of the pledge of the Subordinate Net Revenues or any other pledge or security interest created by the Subordinate Trust Indenture shall at any time for any reason cease to be valid and binding on the Authority as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable;

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) the payment of the principal of or interest on the Drawdown Bonds or any other Subordinate Obligations, or (B) the validity or enforceability of the pledge of the Subordinate Net Revenues or any other pledge or security interest created by the Subordinate Trust Indenture shall be publicly contested by the Authority; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the Authority, including, without limitation, as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority;

(f) a final judgment or order for the payment of money in excess of \$10,000,000 (in excess of the coverage limits of any applicable insurance therefor) shall have been rendered against the Authority and such judgment or order shall not have been satisfied, stayed, vacated, discharged or bonded pending appeal within a period of sixty (60) days from the date on which it was first so rendered;

(g) (i) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of any obligation secured by a lien, charge or encumbrance upon the Net Revenues or Subordinate Net Revenues; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the Authority seeks to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts; (iii) the Authority seeks appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of the Authority's property or a receiver, trustee, custodian or other similar official shall be appointed for the Authority or for any substantial part of the Authority's property, or the Authority shall make a general assignment for the benefit of its creditors; (iv) there shall be commenced against the Authority any case, proceeding or other action of a nature referred to in clause (ii) above and the same shall remain undismissed; (v) there shall be commenced against the Authority any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal, within sixty (60) days from the entry thereof; (vi) the Authority takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv) or (v) above; or (vii) the Authority shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(h) in the event that any Authority Rating is suspended, withdrawn, or otherwise unavailable from any Rating Agency, or if any Authority Rating is reduced below “Baa2” (or its equivalent), “BBB” (or its equivalent) or “BBB” (or its equivalent) by any of Moody’s, S&P or Fitch, respectively (but excluding any suspension or withdrawal of any such Authority Rating if the applicable Rating Agency has stipulated in writing that the rating action is being taken for non-credit related reasons)); or

(i) any event of default under the Master Senior Trust Indenture or the Subordinate Trust Indenture shall occur; or

(j) except as otherwise permitted under Section 6.27 hereof, the dissolution or termination of the existence of the Authority shall occur; or

(k) any Governmental Authority of competent jurisdiction shall declare a financial emergency or similar declaration with respect to the Authority and shall appoint or designate, with respect to the Authority, an entity such as an organization, a board, a commission, an authority, an agency or any other similar body to manage the affairs and operations of the Authority; or

(l) any Lien created by this Agreement or the Subordinate Trust Indenture or any other Related Document in favor of, or for the benefit of, the Owner Representative or any Owner shall at any time or for any reason (except as expressly permitted to be released by the terms of such governing document) not constitute a valid Lien.

*Section 7.2. Remedies.* (a) Upon the occurrence and continuation of any Bondholder’s Agreement Event of Default the Owner Representative may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law:

(i) by notice to the Authority, declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Authority; *provided* that upon the occurrence of a Bondholder’s Agreement Event of Default under Section 7.1(g) hereof such acceleration shall automatically occur (unless such automatic acceleration is waived by the Owner Representative in writing);

(ii) deliver a written notice to the Trustee and the Authority that a Bondholder’s Agreement Event of Default (a “*Notice of Bondholder’s Agreement Event of Default*”) has occurred and is continuing and direct the Trustee and the Authority, as applicable, to cause a mandatory redemption of the Drawdown Bonds or take such other remedial action as is provided for in the Subordinate Trust Indenture[, ***provided that the Owner Representative will incur no liability or responsibility whatsoever to any other Owner by reason of its failure to give such notice and such failure will in no way affect the adjustment of the interest rate on the Drawdown Bonds to the Default Rate upon the occurrence of a Bondholder’s Agreement Event of Default***]. The Notice of Bondholder’s Agreement Event of Default shall state that a Bondholder’s Agreement Event of Default has occurred and may state that the commitment of the

Underwriter to purchase Drawdown Bonds and to honor Purchases and Drawings under the Bond Purchase Agreement is terminated (in which case such commitment of the Underwriter under the Bond Purchase Agreement shall immediately terminate as provided in the Bond Purchase Agreement);

(iii) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Authority under the Related Documents, whether for specific performance of any agreement or covenant of the Authority or in aid of the execution of any power granted to the Owner Representative in the Related Documents;

(iv) cure any Potential Bondholder's Agreement Event of Default, Bondholder's Agreement Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however*, that the Owner Representative shall have no obligation to effect such a cure; and

(v) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents and as otherwise available at law and at equity.

(b) Notwithstanding the provisions of Section 7.2(a)(i) or 7.2(a)(ii) hereof, (x) the Owner Representative shall not declare the outstanding amount of the Drawdown Bonds and the Obligations under the Subordinate Trust Indenture and this Agreement to be immediately due and payable or cause a mandatory redemption of the Drawdown Bonds as described in Section 7.2(a)(i) or 7.2(a)(ii) hereof until seven (7) days after the occurrence of a Bondholder's Agreement Event of Default specified in Section 7.1(a)(i), 7.1(d)(i), 7.1(d)(ii), 7.1(e)(i), 7.1(e)(ii), 7.1(g) or 7.1(j) hereof and (y) the Owner Representative shall notify the Authority of mandatory redemption of the Drawdown Bonds at least one hundred eighty (180) days prior thereto in the case of any Bondholder's Agreement Event of Default not specified in the immediately preceding clause (x). Notwithstanding the foregoing sentence of this Section 7.2(b), if any other holder or credit enhancer of Debt secured by a lien or charge on Net Revenues or Subordinate Net Revenues or any counterparty under any Swap Contract related thereto causes any such Debt or other obligations of the Authority to become immediately due and payable, the Owner Representative may immediately, without notice, avail itself of the remedies set forth in Section 7.2(a) hereof and/or declare or cause to be declared the unpaid principal amount of all outstanding Drawdown Bonds, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder to be immediately due and payable.

Upon the occurrence of any Bondholder's Agreement Event of Default, the Drawdown Bonds and all other Obligations shall automatically and immediately bear interest at the Default Rate.

The provisions of this Agreement shall be a contract with each and every Owner and the duties of the Authority shall be enforceable by any Owner by mandamus or other appropriate suit, action, or proceeding in any court of competent jurisdiction.

*Section 7.3. Waivers or Omissions.* No failure on the part of Owner Representative to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any rights, remedies or powers provided by law or otherwise. No delay or omission by the Owner Representative in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Owner Representative or to be acquiescence therein. No express or implied waiver by the Owner Representative of any Bondholder's Agreement Event of Default shall in any way be a waiver of any future or subsequent Bondholder's Agreement Event of Default. The Owner Representative is entitled, but shall have no duty or obligation to the Authority, the Trustee or any other Person (other than the Owners) or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Owner Representative hereunder or under any of the other Related Documents.

*Section 7.4. Discontinuance of Proceedings.* In case the Owner Representative proceeds to invoke any right, remedy or recourse permitted hereunder or under the other Related Documents and thereafter elects to discontinue or abandon the same for any reason, the Owner Representative has the unqualified right so to do and, in such event, the Authority, and the Owners will be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Owner Representative and the Owners hereunder will continue as if the same had never been invoked.

## **ARTICLE VIII**

### **MISCELLANEOUS**

*Section 8.1. Evidence of Debt.* The Purchaser shall maintain in accordance with its usual practices an account or accounts evidencing the indebtedness resulting from each Purchase and Drawing made from time to time under the Bond Purchase Agreement and the Drawdown Bonds and the amounts of principal and interest payable and paid from time to time hereunder and under the Subordinate Trust Indenture. In any legal action or proceeding in respect of this Agreement, the entries made in such account or accounts shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations therein recorded.

*Section 8.2. Amendments and Waivers.* The Owner Representative and the Authority may from time to time enter into agreements amending, modifying or supplementing the Related Documents or changing the rights of the Owner Representative or the Authority thereunder, and the Owner Representative may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Authority thereunder. No amendment or waiver of any provision of this Agreement nor consent to any departure by the parties hereto shall in any event be effective unless the same shall be in writing and signed by the parties required by the immediately preceding sentence, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Any such agreement, waiver or consent must be in writing and will be effective only to the extent specifically set forth in such

writing. In the case of any such waiver or consent relating to any provision hereof, any Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default or impair any right consequent thereon.

*Section 8.3. Addresses for Notices.* Any notice required or permitted to be given under or in connection with this Agreement shall be in writing and shall be mailed by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid, or sent by telex, telegram, telecopy or other similar form of rapid transmission confirmed by mailing (by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid) written confirmation at substantially the same time as such rapid transmission, or personally delivered to an officer of the receiving party. All such communications shall be mailed, sent or delivered to the address or numbers set forth below, or as to each party at such other address or numbers as shall be designated by such party in a written notice to the other parties.

The Authority: San Diego County Regional Airport Authority  
Commuter Terminal, 3rd Floor  
3225 North Harbor Drive  
San Diego, California 92101  
Attention: Vice President Finance & Asset  
Management/Treasurer  
Telephone: (619) 400-2802  
Facsimile: (619) 400-2801

with a copy to: San Diego County Regional Airport Authority  
Commuter Terminal, 3rd Floor  
3225 North Harbor Drive  
San Diego, California 92101  
Attention: General Counsel  
Telephone: (619) 400-2802  
Facsimile: (619) 400-2801

The Owner Representative: RBC Municipal Products, LLC  
100 Second Avenue South, Suite 800  
St. Petersburg, Florida 337701-4337  
Attention: Thomas Carlson  
Telephone: (727) 895-8899  
Facsimile: (727) 895-8895  
Email: thomas.carlson@rbccm.com

and

Attention: Joseph Huesman  
Facsimile: (212) 642-2490  
Email: joseph.huesman@rbccm.com

and

Email: transactionreviewsub@rbccm.com

With a copy to:

Royal Bank of Canada  
Corporate Banking  
Three World Financial Center, 12th Floor  
200 Vesey Street  
New York, NY 10281 8098  
Attention: Stephanie Gordon  
Telephone: (212) 618-7501  
Facsimile: \_\_\_\_\_  
Email: stephanie.gordon@rbccm.com

And:

Credit Transaction Management – Compliance  
Royal Bank of Canada  
200 Bay Street, South Tower, 12th Floor RBPS 12  
Toronto, Ontario M5J 2J5, Canada  
Attention: Kamal Grover  
Facsimile: (416) 842 4020  
Email: managercompliance ctm@rbccm.com; and  
transactionreviewsub@rbccm.com

The Trustee: U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Corporate Trust Services  
Telephone: 213.615.6023  
Facsimile: 213.615.6197

The Owner Representative may in its sole discretion rely on any notice purportedly made by or on behalf of the Authority, but it has no duty to accept any notice not given as prescribed in this Section 8.3 and has no duty to verify the identity or authority of the Person giving such notice, unless such action or omission would amount to gross negligence or intentional misconduct.

*Section 8.4. Survival of This Agreement.* All covenants, agreements, representations and warranties made in this Agreement shall survive the extension by the Owner Representative and any other Person of the Commitment and shall continue in full force and effect so long as the Commitment shall be unexpired or any sums drawn or due thereunder or any other obligations shall be outstanding and unpaid, regardless of any investigation made by any Person and so long as any amount payable hereunder remains unpaid. The agreement of the Authority to indemnify the Underwriter, the Purchaser, the Credit Protection Provider, the Owner Representative, each Owner and each Indemnitee under Section 4.2 hereof shall continue in full force and effect notwithstanding a termination of the Commitment or the fulfillment of all Obligations. The obligations of the Authority under Sections 4.3 and 2.3 hereof shall also continue in full force and effect notwithstanding a termination of the Commitment or the fulfillment of all Obligations. Whenever in this Agreement the Owner Representative and/or Purchaser is referred to, such reference shall be deemed to include the successors and assigns of the Owner Representative and/or Purchaser and all covenants, promises and agreements by or on behalf of the Authority which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Owner Representative and Purchaser. The rights and duties of the Authority may not be assigned or transferred without the prior written consent of the Owner Representative and the Purchaser, and all obligations of the Authority hereunder shall continue in full force and effect notwithstanding any assignment by the Authority of any of its rights or obligations under any of the Related Documents or any entering into, or consent by the Authority to, any supplement or amendment to, or termination of, any of the Related Documents.

*Section 8.5. Severability.* Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction. Upon such determination that any provision is prohibited, unenforceable or not authorized the Authority and the Owner Representative shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Authority and the Purchaser as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible.



*Section 8.6. Governing Law; Jurisdiction and Venue.* (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

(b) EACH OF PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA AND ANY COURT IN THE STATE OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST OR BY IT IN CONNECTION WITH THIS AGREEMENT OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RELATED THERETO, AND THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH CALIFORNIA STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. THE PARTIES AGREE THAT A FINAL NON-APPEALABLE JUDGMENT IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE AND AGREE NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THE RELATED DOCUMENTS OR THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS.

*Section 8.7. Successors and Assigns.*

(a) *Successors and Assigns Generally.* (i) This Agreement is a continuing obligation and shall be binding upon the Authority, its successors, transferees and assigns and shall inure to the benefit of the Owners and their respective permitted successors, transferees and assigns. RBCMPLLC, its successors and assignees, constitutes the Owner Representative hereunder and under the Related Documents unless and until a majority of the Owners give written notice to the Authority and the Trustee identifying any successor or assignee Owner Representative hereunder and under the other Related Documents and, *provided* that any such notice on its face establishes the requisite ownership of a majority of the aggregate principal amount of the Drawdown Bonds then Outstanding by the Owners identified therein, the Person designated in such notice as the Owner Representative will, upon delivery to the Authority and the Trustee of such notice, constitute the Owner Representative and will succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Owner Representative in the Related Documents. Any predecessor Owner Representative hereunder will be discharged from its duties and obligations hereunder and under the other Related Documents, *provided* that the predecessor Owner Representative will continue to be entitled to the benefits of Article II and Sections 4.1, 4.2 and 4.6 and of each other provision of any Related Document granting a right of indemnity or reimbursement in favor of the Owner Representative.

(ii) The Owner Representative may designate any nominee, designee or agent to act for and in the name of the Owner Representative by written notice to the Authority and the Trustee, and any such duly designated nominee, designee or agent will thereupon be empowered to act for

and on behalf of the Owner Representative and exercise the rights, powers, privileges and responsibilities of the Owner Representative in each of the Related Documents.

(b) *Sales and Transfers by an Owner to a Purchaser Transferee.* Without limitation of the foregoing generality, an Owner may at any time sell or otherwise transfer to one or more transferees all or a portion of the Drawdown Bonds to a Person that is (i) an Affiliate of the Owner or the Purchaser or (ii) a trust or other custodial arrangement established by the Owner or the Purchaser or an Affiliate of the Owner or the Purchaser, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act, or “accredited investors” as defined in Rule 501 of Regulation D under the 1933 Act (each, a “*Purchaser Transferee*”). From and after the date of such sale or transfer, RBCMPLLC and its successors shall continue to have all of the rights of the Purchaser hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however,* that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Purchaser hereunder, (B) the Authority and the Trustee shall be required to deal only with the Purchaser with respect to any matters under this Agreement and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Purchaser shall be entitled to enforce the provisions of this Agreement against the Authority.

Anything herein to the contrary notwithstanding, including without limitation Section 4.3 hereof, if any Purchaser Transferee shall incur increased costs or capital adequacy requirement as contemplated by Section 4.3 hereof, and such increased costs or capital adequacy requirements are greater than those that an original Owner and Credit Protection Provider would have incurred had it not sold or otherwise transferred all or a portion of the Drawdown Bonds to such Purchaser Transferee provided for in this Section 8.7(b), then the Authority shall not be obligated to pay to such Purchaser Transferee any portion of the cost greater than that which the Authority would have paid under the provisions of Section 4.3 hereof had such original Owner and Credit Protection Provider not sold or otherwise transferred all or a portion of the Drawdown Bonds to a Purchaser Transferee.

(c) *Sales and Transfers by Bondholder to a Non-Purchaser Transferee.* Without limitation of the foregoing generality, an Owner may at any time sell or otherwise transfer to one or more transferees which are not Purchaser Transferees but each of which constitutes a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act or an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act (each a “*Non-Purchaser Transferee*”) all or a portion of the Drawdown Bonds if written notice of such sale or transfer, including that such sale or transfer is to a Non-Purchaser Transferee, together with addresses and related information with respect to the Non-Purchaser Transferee, shall have been given to the Authority, the Trustee and the Purchaser (if different than the Owner) by such selling Owner and Non-Purchaser Transferee.

From and after the date the Authority, the Trustee and the selling Owner have received written notice, (A) the Non-Purchaser Transferee thereunder shall be a party hereto and shall have the rights and obligations of an Owner hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent,

necessary to effect the addition of the Non-Purchaser Transferee, and any reference to the assigning Owner hereunder and under the other Related Documents shall thereafter refer to such transferring Owner and to the Non-Purchaser Transferee to the extent of their respective interests, and (B) if the transferring Owner no longer owns any Drawdown Bonds, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents.

Anything herein to the contrary notwithstanding, including without limitation Section 4.3 hereof, if any Non-Purchaser Transferee shall incur increased costs or capital adequacy requirement as contemplated by Section 4.3 hereof, and such increased costs or capital adequacy requirements are greater than those that the selling Owner would have incurred had it not sold or otherwise transferred all or a portion of the Drawdown Bonds to such Non-Purchaser Transferee provided for in this Section 8.7(c), then the Authority shall not be obligated to pay to such Non-Purchaser Transferee any portion of the cost greater than that which the Authority would have paid under the provisions of Section 4.3 hereof had the selling Owner not sold or otherwise transferred all or a portion of the Drawdown Bonds to a Non-Purchaser Transferee.

(d) *Participations.* Each Owner shall have the right to grant participations in all or a portion of such Owner's interest in the Drawdown Bonds, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however,* that (i) no such participation by any such participant shall in any way affect the obligations of such Owner hereunder and (ii) the Authority and the Trustee shall be required to deal only with such Owner, with respect to any matters under this Agreement, the Drawdown Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Authority.

Anything herein to the contrary notwithstanding, including without limitation Section 4.3 hereof, if any Participant shall incur increased costs or capital adequacy requirements as contemplated by Section 4.3 hereof, and such increased costs or capital adequacy requirements are greater than those that such Owner would have incurred had it not granted a participation interest as provided for in this Section 8.7(d), then the Authority shall not be obligated to pay to such Participant any portion of the cost greater than that which the Authority would have paid under the provisions of Section 4.3 hereof had such Owner not granted such participation interest.

(e) *Certain Pledges.* Each Owner may at any time pledge or grant a security interest in all or any portion of its rights under the Drawdown Bonds, this Agreement and the Related Documents to secure obligations of such Owner, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release such Owner from any of its obligations hereunder or substitute any such pledgee or assignee for such Owner as a party hereto.

*Section 8.8. No Setoff.* Notwithstanding anything to the contrary contained herein, the Purchaser, any Participant and any Owner hereby agrees that it will not assert any of its statutory or common law rights of setoff as the depository bank of the Authority in connection with the collection or repayment of any of the Obligations or any other obligation of the Authority

owning to the Purchaser, any Participant or any Owner under this Agreement or the other Related Documents.

*Section 8.9. Headings.* Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

*Section 8.10. Counterparts.* This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, taken together, shall constitute but one and the same Agreement. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

*Section 8.11. Government Regulations.* The Purchaser hereby notifies the Authority that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Owner Representative to identify the Authority in accordance with the Patriot Act. The Authority hereby agrees that it shall promptly provide such information upon request by the Owner Representative.

The Authority hereby represents and warrants and covenants and agrees (a) that it is not and shall not be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by OFAC, the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Purchaser from purchasing the Drawdown Bonds or the Underwriter from making any Purchases or Drawings or the Purchaser from making any advance or extension of credit to the Authority or from otherwise conducting business with the Authority and (b) to ensure that the proceeds of the Drawdown Bonds, Purchases or Drawings shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

*Section 8.12. No Fiduciary Relationship.* The Authority acknowledges and agrees that its dealing with the Underwriter, the Purchaser, Owner Representative and each Owner are solely in

the nature of a debtor/creditor relationship and that in no event shall any of the Underwriter, the Purchaser, the Owner Representative or any Owner be considered to be a partner or joint venturer of the Authority. Also, the Authority represents and warrants that it has independently evaluated the business transaction and has not relied upon, nor will it rely upon, the expertise, advice or other comments or statements of any of the Underwriter, the Purchaser, the Owner Representative or any Owner (including agents of any of the Underwriter, the Purchaser, the Owner Representative or such Owner), if any, in deciding to pursue such undertaking. As the Authority is experienced in business, in no event shall any of the Underwriter, the Purchaser, the Owner Representative or any Owner owe any fiduciary or similar obligations to it in connection with the subject transaction.

In connection with all aspects of the Transactions (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Authority acknowledges and agrees that: (a)(i) the Underwriter, the Purchaser, the Owner Representative or any Owner or any of their respective Affiliates may have an ownership interest in secondary market securities of which the Drawdown Bonds form the underlying asset; (ii) the arranging, structuring and other services regarding this Agreement provided by the Underwriter and the Purchaser are arm's-length commercial transactions between the Authority and its Affiliates, on the one hand, and the Underwriter and the Purchaser and their respective Affiliates, on the other hand; (iii) the Authority has consulted its own legal, financial or other advisors with respect to the Transactions to the extent it has deemed appropriate; and (iv) the Authority is capable of evaluating, and understands and accepts, the terms, risks and conditions of the Transactions; (b)(i) each of the Underwriter and the Purchaser are and have been acting solely as a principal and have not been, are not, and will not be acting as a municipal advisor (as defined in Section 15B(e)(4) of the Securities Exchange Act of 1934, as amended), or agent, advisor or fiduciary for the Authority with respect to the Transactions (whether or not the Underwriter and the Purchaser and their respective Affiliates have advised or is currently advising the Authority on other matters); and (ii) neither the Underwriter, the Purchaser nor any of their respective Affiliates have any obligation to the Authority with respect to the Transactions, except those obligations expressly set forth herein and the other Related Documents; and (c) the Underwriter and the Purchaser and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Authority and neither the Underwriter, the Purchaser nor any of their respective Affiliates has any obligation to disclose any of such interests to the Authority.

*Section 8.13. Entire Agreement.* The Related Documents constitute the entire understanding and agreement between the Authority and the Purchaser with respect to the Transactions and the Drawdown Bonds and supersede all prior or contemporaneous written or oral understandings, courses of dealing and agreements between the Authority and the Purchaser with respect to the matters addressed in the Related Documents. In particular, and without limitation, the Related Documents supersede any commitment by the Purchaser to extend credit to the Authority or to purchase the Drawdown Bonds, and all such agreements or commitments are merged into the Related Documents. Except as incorporated in writing into the Related Documents, there are no representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Related Documents.

*Section 8.14. Parties in Interest.* Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the Authority, the Purchaser and the Owner Representative any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto. Notwithstanding the foregoing, it is understood and agreed that each Owner is an express and intended third-party beneficiary of this Agreement and each Indemnatee is an intended beneficiary of Section 4.2 hereof, that the benefits of this Agreement or Section 4.2 hereof are conferred upon each Owner and each Indemnatee, respectively, and that the Owner Representative shall exercise and enforce each right, covenant, remedy or other provision hereof on behalf of the Owners or the Indemnitees.

*Section 8.15. Reinstatement.* To the extent that the Owner Representative or any Owner receives any payment from or on behalf of the Authority which payment or any part thereof is subsequently

- (a) invalidated;
- (b) declared to constitute a fraudulent conveyance or preferential transfer;
- (c) set aside; or
- (d) required to be repaid (including pursuant to any settlement entered into by the Owner Representative or any Owner in its discretion) to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause;

(collectively, “*Set Aside*”), then, to the extent of any such Set Aside, the obligations or part thereof intended to be satisfied shall be revived and reinstated and shall continue in full force and effect as if such payment had not been received by the Owner Representative or such Owner or such Set Aside had not occurred.

**[Section 8.16. *Standard of Conduct by Owner Representative; Liability of Owner Representative.* (a) Nothing contained in any Related Documents limits the right of the Purchaser, the Owner Representative or any Owner to exercise its business judgment or to act, in the context of the granting or withholding of any consent under any of the Related Documents, in a subjective manner, whether or not objectively reasonable under the circumstances, so long as the Owner Representative’s or such Owner’s exercise of its business judgment or action is made or undertaken in good faith. The Authority intends by the foregoing to set forth and affirm the entire understanding with respect to the standard pursuant to which the Owner Representative’s or any Owner’s duties and obligations are to be judged and the parameters within which the Owner Representative’s or any Owner’s discretion may be exercised hereunder and under the other Related Documents. As used herein, “good faith” means honesty in fact in the conduct and transaction concerned.**

**(b) The Authority hereby unconditionally and irrevocably releases and discharges the Purchaser, the Owner Representative and each Owner and each of their respective Affiliates and the officers, directors, employees and agents of each of them from any liability or responsibility for any of the following: (i) any use that may be made of the proceeds of the Drawdown Bonds or any acts or omissions of the Trustee or any other Person in connection with the issuance of the Drawdown Bonds or the use of the proceeds of the Drawdown Bonds; (ii) any of the acts, omissions, agreements, circumstances and conditions covered by the indemnification provided in Sections 4.1 and 4.2 hereof; (iii) any act or omission of the Purchaser, the Owner Representative or any Owner; and (iv) any other circumstance whatsoever in connection with the Transactions or the exercise by the Purchaser, the Owner Representative or any Owner of any of its rights under any of the Related Documents; *provided* that the Authority shall have a claim against the Purchaser, the Owner Representative or such Owner, and the Purchaser, the Owner Representative or such Owner shall be liable to the Authority to the extent, but only to the extent, of any direct, actual damages, but expressly not for any lost profits or any consequential, special, indirect or punitive damages (the right to recover or receive lost profits, consequential, special, indirect or punitive damages being hereby waived), suffered by the Authority and not required to be mitigated by the Authority under applicable Law, which direct, actual damages are determined by a final and non-appealable judgment of a court of competent jurisdiction to have been directly caused by the Purchaser's, the Owner Representative's or such Owner's willful misconduct or gross negligence in connection with the administration of this Agreement.]**

**[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_  
[Name]  
[Title]

Attest:

By: \_\_\_\_\_  
[Name]  
[Title]

Approved as to form:

By: \_\_\_\_\_  
[Name]  
General Counsel

[SIGNATURES CONTINUED ON NEXT PAGE]



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first written above.

RBC MUNICIPAL PRODUCTS, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**[FORM OF NOTICE OF TERMINATION OR REDUCTION]**

**NOTICE OF TERMINATION OR REDUCTION**

**[Date]**

RBC Municipal Products, LLC  
100 Second Avenue South, Suite 800  
St. Petersburg, Florida 33701-4337  
Attention: Thomas Carlson  
Telephone: (727) 895-8899  
Facsimile: (727) 895-8895  
Email: thomas.carlson@rbccm.com

Royal Bank of Canada  
Corporate Banking  
Three World Financial Center, 12th Floor  
200 Vesey Street  
New York, NY 10281-8098  
Attention: Stephanie Gordon  
Telephone: (212) 618-7501  
Facsimile: \_\_\_\_\_  
Email: stephanie.gordon@rbccm.com

and

attention: Joseph Hussman  
Facsimile: (212) 642-2490  
Email: joseph.huesman@rbccm.com  
and:  
Email: transactionreviewsub@rbccm.com

Credit Transaction Management – Compliance  
Royal Bank of Canada  
200 Bay Street, South Tower, 12th Floor RBPS 12  
Toronto, Ontario M5J 2J5, Canada  
Attention: Kamal Grover  
Facsimile: (416) 842-4020  
Email: managercompliance-ctm@rbccm.com  
and  
transactionreviewsub@rbccm.com

U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Corporate Trust Services  
Telephone: 213.615.6023  
Facsimile: 213.615.6197

Ladies and Gentlemen:

Re: San Diego County Regional Airport Authority  
Subordinate Airport Revenue Drawdown Bonds

The San Diego County Regional Airport Authority (the “*Authority*”), through its undersigned, an Authorized Representative, hereby notifies RBC Capital Markets, LLC (the “*Underwriter*”) and RBC MUNICIPAL PRODUCTS, LLC, as initial purchaser (“*RBCMPLLC*” and the “*Purchaser*”), with reference to the Bond Purchase Agreement dated \_\_\_\_\_, 2017 and

the Bondholder's Agreement dated as of \_\_\_\_\_, 2017 (together with any amendments or supplements thereto, the "Agreement"), by and between the Authority and the Purchaser (the terms defined therein and not otherwise defined herein being used herein as therein defined):

**[(1) The Authority hereby informs you that the Commitment Amount is terminated in accordance with the Agreement, such termination to be effective on \_\_\_\_\_.]**

OR

**[(1) The Authority hereby informs you that the Commitment Amount is reduced from [insert amount as of the date of Certificate] to [insert new amount], such reduction to be effective on \_\_\_\_\_.]**

IN WITNESS WHEREOF, the Authority has executed and delivered this Notice this \_\_\_\_\_  
day of \_\_\_\_\_, \_\_\_\_\_.

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FOURTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE**

by and between

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

Relating to

\$100,000,000  
San Diego County Regional Airport Authority  
Subordinate Airport Revenue Drawdown Bonds  
Series A (Non-AMT)  
Series B (AMT)

Dated as of [\_\_\_\_\_] 1, 2017

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## FOURTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE

**THIS FOURTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE** (this “*Fourth Supplemental Subordinate Indenture*”), dated as of [\_\_\_\_\_] 1, 2017, is made by and between the **SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**, a local government entity of regional government created pursuant to laws of the State of California (the “*Authority*”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “*Trustee*”), and supplements the Master Subordinate Trust Indenture, dated as of September 1, 2007 (the “*Master Subordinate Indenture*”), by and between the Authority and the Trustee.

WHEREAS, the Master Subordinate Indenture provides, in Section 2.09 thereof, for the issuance of Subordinate Obligations (as defined in the Master Subordinate Indenture) and, in Section 10.02 thereof, for the execution and delivery of Supplemental Subordinate Indentures (as defined in the Master Subordinate Indenture) setting forth the terms of such Subordinate Obligations; and

WHEREAS, the Authority desires to implement a short-term borrowing program pursuant to the provisions of the Master Subordinate Indenture; and

WHEREAS, the Authority now, for the purpose of providing money to finance and refinance certain capital improvements to the Airport System (as defined in the Master Subordinate Indenture) and for other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority), by execution and delivery of this Fourth Supplemental Subordinate Indenture and in compliance with the provisions of the Master Subordinate Indenture, sets forth the terms of its San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series A (Non-AMT) (the “*Non-AMT Drawdown Bonds*”), and its San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series B (AMT) (the “*AMT Drawdown Bonds*,” and together with the Non-AMT Drawdown Bonds, the “*Drawdown Bonds*”), provides for the deposit and use of the proceeds of the Drawdown Bonds, and makes other provisions relating to the Drawdown Bonds;

WHEREAS, the Drawdown Bonds shall be issued, from time to time, in two Series (the AMT Drawdown Bonds and the Non-AMT Drawdown Bonds) and one or more Subseries as determined by the Authority, and no more than \$100,000,000 in aggregate principal amount of Drawdown Bonds shall be Outstanding (as hereinafter defined) at any one time; and

WHEREAS, the Drawdown Bonds are being issued as Subordinate Obligations as provided in Section 2.09 of the Master Subordinate Indenture.

### GRANTING CLAUSE

In order to secure the payment of the Drawdown Bonds and the Obligations, the Authority hereby pledges, assigns and grants to the holders of the Drawdown Bonds and the payees (or their respective assignees) of the Obligations all of the liens, rights, interests and



privileges set forth in the Granting Clause of, and elsewhere in, the Master Subordinate Indenture.

## ARTICLE I

### DEFINITIONS; INTERPRETATIONS

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

“*Additional Tax Certificate*” means a tax compliance certificate or supplemental tax compliance certificate delivered in connection with one or more Drawings.

“*Alternate Index*” means, on any date of determination, LIBOR for such date; provided that if LIBOR for such date is less than 1.0% per annum, the Alternate Index shall be 100% of LIBOR as of such date; provided, further, that if LIBOR for such date is equal to or greater than 1.0% per annum, the Alternate Index for such date shall be 72% of LIBOR.

“*Amortization End Date*” has the meaning set forth in the Bondholder’s Agreement.

“*Amortization Payment Date*” has the meaning set forth in the Bondholder’s Agreement.

“*Amortization Payments*” has the meaning set forth in the Bondholder’s Agreement.

“*Amortization Period*” has the meaning set forth in the Bondholder’s Agreement.

“*Amortization Period Interest Rate*” has the meaning set forth in the Bondholder’s Agreement.

“*AMT Debt Service Fund*” means the Debt Service Fund of such designation established pursuant to Section 5.01 hereof and into which money is to be deposited to pay debt service on the AMT Drawdown Bonds.

“*AMT Drawdown Bonds*” means the San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series B (AMT), and each Subseries thereof. The initial Subseries of the AMT Drawdown Bonds shall be designated as San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Subseries B-1 (AMT), and any additionally Subseries will be sequentially designated.

“*AMT Drawdown Rate*” means a fluctuating rate per annum, determined as of each applicable Rate Reset Date, equal to the product of (x) the sum of (a) the AMT Spread plus (b) the SIFMA Index Rate, multiplied by (y) the Margin Rate Factor, as in effect on such Rate Reset Date (rounded to the second decimal place). The AMT Drawdown Rate shall equal the Default Rate in the event the Authority Rating assigned by Moody’s is below “Baa2” and/or the Authority Rating assigned by Fitch or S&P is below “BBB” or upon the occurrence of any other

Bondholder’s Agreement Event of Default. The AMT Drawdown Rate shall be calculated by the Calculation Agent and provided to the Authority, the Purchaser and the Owner Representative.

“*AMT Project Account*” means the Account of such designation established in the Drawdown Bonds Construction Fund pursuant to Section 5.02 hereof and into which money is to be deposited to pay Costs of the AMT Projects.

“*AMT Projects*” means any undertaking, facility or item which is described in a Certificate provided by the Authority at the time of delivery of a Request for Purchase and/or a Request for Drawing and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of AMT Drawdown Bonds and which project satisfies the requirements of Section 142 of the Code and of the Tax Certificate for an AMT Project.

“*AMT Spread*” means, initially 64 basis points (0.64%), which is subject to maintenance of the Authority Rating under Level I set forth in the schedule below. In the event of a change in the Authority Rating, the AMT Spread shall equal the number of basis points set forth in the Level associated with the lowest Authority Rating as set forth in the schedule below:

	Authority Rating			AMT Spread
	Moody’s	S&P	Fitch	basis points (%)
Level I	A2 or above	A or above	A or above	64 bps (0.64%)
Level II	A3	A-	A-	75 bps (0.75%)
Level III	Baa1	BBB+	BBB+	110 bps (1.10%)
Level IV	Baa2	BBB	BBB	120 bps (1.20%)
Level V	Below Baa2	Below BBB	Below BBB	Default Rate

Any change in the AMT Spread resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating by the applicable Rating Agency. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a “global” rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. Upon the occurrence of and during the continuance of a Bondholder’s Agreement Event of Default (including without limitation an Event of Default under Section 7.1(h) thereof), the interest rate on the AMT Drawdown Bonds shall increase to the Default Rate, without notice to the Authority. The Authority acknowledges that as of the Effective Date the AMT Spread is that specified above for Level I.

As provided in Section 8.03 hereof, the Authority shall provide notice to the Trustee, the Owner Representative, the Purchaser and the Underwriter of any change to the Authority Rating.

“*Authority Rating*” has the meaning set forth in the Bondholder’s Agreement.

“*Authorized Denominations*” means \$100,000, and any integral multiples of \$5,000 in excess of \$100,000.

“*Authorizing Resolution*” means Resolution No. 2017-[\_\_\_\_] adopted by the Board on April 6, 2017.

“*Available Commitment*” means, on any date, an amount equal to the Commitment Amount and thereafter such amount adjusted from time to time as follows: (a) downward in an amount equal to the principal amount of any Drawing made pursuant to the terms hereof; (b) upward in an amount equal to the principal amount of any Drawdown Bond repaid (but not redeemed) by the Authority pursuant to the terms of Section 4.06 hereof; and (c) downward to zero upon the expiration or termination of the Commitment Amount in accordance with the terms hereof and the terms of the Bond Purchase Agreement and the Bondholder’s Agreement; provided, that, after giving effect to any of the foregoing adjustments, the Available Commitment shall never exceed the Commitment Amount at any one time.

“*Beneficial Owner*” a person in whose name a Drawdown Bond is recorded as beneficial owner of such Drawdown Bond by DTC or a Participant on its records, or such person’s subrogee.

“*Bondholder’s Agreement*” means the Bondholder’s Agreement, dated as of [\_\_\_\_\_] 1, 2017, by and between the Authority and the Purchaser, as amended, supplemented, modified or restated from time to time.

“*Bondholder’s Agreement Event of Default*” has the meaning set forth in the Bondholder’s Agreement.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement, dated [\_\_\_\_\_] 2017, by and between the Authority and the Underwriter, as amended, supplemented, modified or restated from time to time.

“*Book-Entry Bonds*” means the Drawdown Bonds held by DTC (or its nominee) as the registered Holder thereof pursuant to the terms and provisions of Section 3.02 hereof.

“*Business Day*” means any day other than (a) a Saturday or Sunday, (b) a day on which banks in the State of California or New York, New York or in the city in which the principal corporate trust office of the Trustee is located are required or authorized by law to be closed, (c) a day on which the Purchaser or the Calculation Agent is required or authorized by law to be closed; (d) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed; or (e) a day on which the office of the Underwriter or the Purchaser at which requests for draws are to be presented is authorized or obligated by law or executive order to be closed and is, in fact, closed.

“*Calculation Agent*” means the Trustee or such other party appointed by the Authority with the consent of the Purchaser.

“*Cede & Co.*” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Drawdown Bonds.

“*Commitment Amount*” has the meaning set forth in the Bondholder’s Agreement.

“*Commitment End Date*” has the meaning set forth in the Bondholder’s Agreement.

“*Credit Protection Provider*” has the meaning set forth in the Bondholder’s Agreement.

“*Default Rate*” has the meaning set forth in the Bondholder’s Agreement.

“*Designated Representative*” means those individuals appointed as Designated Representatives under the Authorizing Resolution and any other resolution of the Board to complete and deliver a Request for Purchase or a Request for Drawing and to perform other duties set forth in this Fourth Supplemental Subordinate Indenture and the other Related Documents.

“*Drawdown Bonds*” means, collectively, the AMT Drawdown Bonds and the Non-AMT Drawdown Bonds.

“*Drawdown Bonds Construction Fund*” means the Construction Fund of such designation established pursuant to Section 5.02 hereof and into which money is to be deposited to pay Costs of the AMT Projects and the Non-AMT Projects.

“*Drawdown Bonds Rebate Fund*” means the Fund of such designation established pursuant to Section 7.01 hereof and the Tax Certificate.

“*Drawdown Rate*” means the AMT Drawdown Rate or the Non-AMT Drawdown Rate, as applicable.

“*Drawing*” means each installment of principal and, if such Drawing (except the initial Drawing) is on a date other than an Interest Payment Date, accrued interest thereon from the most recent Interest Payment Date, advanced by the Underwriter with respect to a Drawdown Bond pursuant to the terms of the Bond Purchase Agreement.

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

“*Effective Date*” has the meaning set forth in the Bondholder’s Agreement.

“*EMMA System*” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system or any successor nationally recognized municipal securities information repositories recognized by the Securities and Exchange Commission.

“*Fourth Supplemental Subordinate Indenture*” means this Fourth Supplemental Subordinate Trust Indenture, dated as of [\_\_\_\_\_] 1, 2017, by and between the Authority and the Trustee, which, among other things, sets forth the terms of the Drawdown Bonds.

“*Initial Amortization Payment Date*” has the meaning set forth in the Bondholder’s Agreement.

“*Interest Accrual Period*” means, initially, the period commencing on the date the initial Drawing under the applicable Drawdown Bond is advanced to the Authority by the Underwriter pursuant to the terms of the Bond Purchase Agreement and ending on and not including the first Thursday thereafter, and thereafter shall mean the period from (and including) Thursday of each week to (but not including) the Thursday of the following week (or, if sooner, to but not including the Commitment End Date).

“*Interest Payment Date*” means the first Business Day of each month.

“*Law*” has the meaning set forth in the Bondholder’s Agreement.

“*LIBOR*” means, for each day, the rate of interest, quoted by the ICE Benchmark Administration Limited (or any successor as approved by the Purchaser, each an “*Alternate LIBOR Source*”) at approximately 11:00 a.m., London, England time, on such day, relating to quotations for the one month London Interbank Offered Rate on U.S. Dollar deposits as published on Bloomberg LP (or any successor to, or replacement of, Bloomberg LP as approved by the Purchaser, each an “*Approved Bloomberg Successor*”), all as determined by the Purchaser for purposes of this Fourth Supplemental Subordinate Indenture. If LIBOR is no longer published on Bloomberg LP (or any Approved Bloomberg Successor), LIBOR shall be determined in good faith by the Purchaser from such other sources as it shall determine to be comparable to Bloomberg LP (or any Approved Bloomberg Successor). Each determination by the Purchaser of LIBOR shall be binding and conclusive in the absence of manifest error. If such rate is not available at such time for any reason, then the rate for that day will be determined by such alternate method as commercially reasonably selected by the Purchaser. In the event LIBOR is less than zero, LIBOR shall be deemed to be zero for purposes of this Fourth Supplemental Subordinate Indenture.

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

“*Master Subordinate Indenture*” means the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended, modified or restated from time to time, between the Authority and the Trustee under which the Drawdown Bonds are authorized and secured.

“*Maximum Federal Corporate Tax Rate*” means the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect from time to time (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to Royal Bank of Canada, the maximum statutory rate of federal income taxation which could apply to Royal Bank of Canada). As of the Effective Date, the Maximum Federal Corporate Tax Rate is 35%. As provided in Section 8.03 hereof, [the Owner Representative] shall provide notice to the Trustee of any change to the Maximum Federal Corporate Tax Rate.

“*Maximum Interest Rate*” has the meaning set forth in the Bondholder’s Agreement.

“*Non-AMT Debt Service Fund*” means the Debt Service Fund of such designation established pursuant to Section 5.01 hereof and into which money is to be deposited to pay debt service on the Non-AMT Drawdown Bonds.

“*Non-AMT Drawdown Bonds*” means the San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series A (Non-AMT), and each Subseries thereof. The initial Subseries of the Non-AMT Drawdown Bonds shall be designated as San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Subseries A-1 (Non-AMT), and any additionally Subseries will be sequentially designated.

“*Non-AMT Drawdown Rate*” means a fluctuating rate per annum, determined as of each applicable Rate Reset Date, equal to the product of (x) the sum of (a) the Non-AMT Spread plus (b) the SIFMA Index Rate, multiplied by (y) the Margin Rate Factor, as in effect on such Rate Reset Date (rounded to the second decimal place). The Non-AMT Drawdown Rate shall equal the Default Rate in the event the Authority Rating assigned by Moody’s is below “Baa2” and/or the Authority Rating assigned by Fitch or S&P is below “BBB,” or upon the occurrence of any other Bondholder’s Agreement Event of Default. The Non-AMT Drawdown Rate shall be calculated by the Calculation Agent and provided to the Authority, the Purchaser and the Owner Representative.

“*Non-AMT Project Account*” means the Account of such designation established in the Drawdown Bonds Construction Fund pursuant to Section 5.02 hereof and into which money is to be deposited to pay Costs of the Non-AMT Projects.

“*Non-AMT Projects*” means any undertaking, facility or item which is described in a Certificate provided by the Authority at the time of delivery of a Request for Purchase and/or Request for Drawing and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of Non-AMT Drawdown Bonds and/or AMT Drawdown Bonds and which project satisfies the requirements of Section 141 of the Code and of the Tax Certificate for a Non-AMT Project.

“*Non-AMT Spread*” means, initially 57 basis points (0.57%), which is subject to maintenance of the Authority Rating under Level I set forth in the schedule below. In the event of a change in the Authority Rating, the Non-AMT Spread shall equal the number of basis points set forth in the Level associated with the lowest Authority Rating as set forth in the schedule below:

	Authority Rating			Non-AMT Spread
	Moody’s	S&P	Fitch	basis points (%)
Level I	A2 or above	A or above	A or above	57 bps (0.57%)
Level II	A3	A-	A-	65 bps (0.65%)
Level III	Baa1	BBB+	BBB+	90 bps (0.90%)
Level IV	Baa2	BBB	BBB	115 bps (1.15%)
Level V	Below Baa2	Below BBB	Below BBB	Default Rate

Any change in the Non-AMT Spread resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating by the applicable Rating Agency. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a “global” rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. Upon the occurrence of and during the continuance of a Bondholder’s Agreement Event of Default (including without limitation an Event of Default under Section 7.1(h) thereof), the interest rate on the Non-AMT Drawdown Bonds shall increase to the Default Rate, without notice to the Authority. The Authority acknowledges that as of the Effective Date the Non-AMT Spread is that specified above for Level 1.

As provided in Section 8.03 hereof, the Authority shall provide notice to the Trustee, the Owner Representative, the Purchaser and the Underwriter of any change to the Authority Rating.

“*Obligations*” has the meaning set forth in the Bondholder’s Agreement.

“*Opinion of Bond Counsel*” means a written opinion of Bond Counsel.

“*Outstanding*,” for purposes of this Fourth Supplemental Subordinate Indenture, means the unpaid principal amount of any Drawings.

“*Owner Representative*” has the meaning set forth in the Bondholder’s Agreement.

“*Participant*” means a participant of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

“*Paying Agent*,” for purposes of this Fourth Supplemental Subordinate Indenture, means the Trustee, or any other institution appointed by the Authority.

“*PFC Resolution*” means, Resolution No. 2010-0088 adopted by the Board on August 23, 2010, as it may be amended or supplemented from time to time.

“*Purchaser*” means RBC Municipal Products, LLC, as initial Beneficial Owner of the Drawdown Bonds, and its successors, assignees, designees and nominees under the Bondholder’s Agreement and any Trust.

“*Rate Reset Date*” means each Wednesday preceding the first day of an Interest Accrual Period with respect thereto and, if such is not a Business Day, the next succeeding Business Day; provided, however, that the initial Rate Reset Date for a Drawdown Bonds shall be the Wednesday preceding the date the initial Drawing under such Drawdown Bond is advanced to the Authority by the Underwriter pursuant to the terms of the Bond Purchase Agreement.

“*Rating Agency*” has the meaning set forth in the Bondholder’s Agreement.

“*Record Date*” means the Business Day immediately preceding an Interest Payment Date.

“*Redemption Date*” means the date on which the Drawdown Bonds shall be redeemed (whether by optional redemption, mandatory sinking fund redemption, or otherwise) pursuant to this Fourth Supplemental Subordinate Indenture.

“*Redemption Price*” means the principal amount of Drawdown Bonds to be redeemed plus interest accrued at the applicable interest rate, payable upon redemption thereof pursuant to this Fourth Supplemental Subordinate Indenture.

“*Registrar*” for purposes of this Fourth Supplemental Subordinate Indenture, means the Trustee.

“*Related Documents*” has the meaning set forth in the Bondholder’s Agreement.

“*Repayment Date*” means the date on which all or any portion of the principal amount of a Drawing shall be repaid pursuant to Section 4.06 hereof.

“*Repayment Price*” means the principal amount of a Drawing to be repaid pursuant to Section 4.06 hereof, plus accrued and unpaid interest thereon.

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

“*Request for Drawing*” has the meaning set forth in the Bondholder’s Agreement.

“*Request for Purchase*” has the meaning set forth in the Bondholder’s Agreement.

“*Schedule of Drawings, Repayments and Redemptions*” means the schedule attached to each Drawdown Bond reflecting the date and amount of each Drawing and each repayment and redemption made by the Authority and the principal amount of such Drawdown Bond Outstanding.

“*Securities Depositories*” means The Depository Trust Company, 55 Water Street, New York, New York 10041, Telephone: (212) 855-1000, Facsimile: (212) 855-7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a certificate of the Authority delivered to the Trustee.

“*SIFMA Index*” means, for each Interest Accrual Period, the SIFMA Municipal Swap Index (a weekly, high-grade market index comprised of seven (7) day tax-exempt, variable rate demand notes produced by Municipal Market Data) in effect on the respective Rate Reset Date. If the SIFMA Index or a successor equivalent index is no longer calculated and published by Municipal Market Data in its current form, then the SIFMA Index shall be replaced by the Alternate Index.

“*SIFMA Index Rate*” means, for each Interest Accrual Period, the interest rate reported on the SIFMA Index on the respective Rate Reset Date. If the interest rate reported on the SIFMA



Index is less than zero, the SIFMA Index Rate shall be deemed to be zero for purposes of this Fourth Supplemental Subordinate Indenture.

“*Subseries*” means each Subseries of the Drawdown Bonds as designated pursuant to the provisions of this Fourth Supplemental Indenture.

“*Taxable Date*” has the meaning set forth in the Bondholder’s Agreement.

“*Taxable Drawdown Rate*” has the meaning set forth in the Bondholder’s Agreement.

“*Tax Certificate*” means the Tax Compliance Certificate with respect to the Drawdown Bonds delivered by the Authority concurrently with this Fourth Supplemental Subordinate Indenture, as originally executed and as it may from time to time be amended or supplemental pursuant to its terms, and includes any Additional Tax Certificate.

“*Trust*” has the meaning set forth in the Bondholder’s Agreement.

“*Underwriter*” means RBC Capital Markets, LLC, as underwriter under the Bond Purchase Agreement.

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

**Section 1.03. Content of Certificates and Opinions.** Every certificate or opinion provided for in this Fourth Supplemental Subordinate Indenture with respect to compliance with any provision hereof or thereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement (i) that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter or (ii) that he or she had made or caused to be made his or her examination or investigation with respect to the subject matter in accordance with specified professional standards; and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or an independent consultant, unless such officer or staff member knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person’s certificate or opinion or representation may be based, as aforesaid, is erroneous.

The same officer of the Authority, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Fourth Supplemental Subordinate Indenture, but different officers, staff members, counsel, accountants or independent consultants may certify to different matters, respectively.

## ARTICLE II

### THE DRAWDOWN BONDS AND THE OTHER OBLIGATIONS

**Section 2.01. Authorization of Drawdown Bonds.** The Authority hereby authorizes the issuance of its Drawdown Bonds, subject to the provisions of the Bondholder's Agreement, the Bond Purchase Agreement and Section 2.02 hereof. The Drawdown Bonds shall be substantially in the form attached hereto as Exhibit A. Drawdown Bonds may be issued as either AMT Drawdown Bonds or Non-AMT Drawdown Bonds. The AMT Drawdown Bonds shall be designated as "San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series B (AMT)" and shall be issued in one or more Subseries; and the Non-AMT Drawdown Bonds shall be designated as "San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series A (Non-AMT)" and shall be issued in one or more Subseries. The Drawdown Bonds shall constitute Subordinate Obligations within the meaning of the Master Subordinate Indenture.

#### **Section 2.02. Terms of Drawdown Bonds.**

(a) **Issuance.** The AMT Drawdown Bonds shall be issued in one or more Subseries and in Authorized Denominations, and the Non-AMT Drawdown Bonds shall be issued in one or more Subseries and in Authorized Denominations. The initial Subseries of AMT Drawdown Bonds shall be designated as "San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Subseries B-1 (AMT)", and shall be issued in the calendar month of the first Drawing under such Subseries, shall be dated their date of issuance, and shall be issued in a maximum aggregate principal amount not to exceed \$100,000,000. The initial Subseries of Non-AMT Drawdown Bonds shall be designated as "San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Subseries A-1 (Non-AMT)", and shall be issued in the calendar month of the first Drawing under such Subseries, shall be dated their date of issuance, and shall be issued in a maximum aggregate principal amount not to exceed \$100,000,000. Each subsequent Subseries of Drawdown Bonds shall be further designated as may be determined by the Authority in the applicable Request for Purchase. The Authority shall only issue a Subseries of Drawdown Bonds upon satisfaction of the conditions set forth in the Bond Purchase Agreement (unless waived by the Underwriter in its sole discretion pursuant to the terms thereof) and the conditions set forth in Section 2.09 of the Master Subordinate Indenture.

#### (b) **Drawings.**

(i) Drawings shall be made on a Subseries of an AMT Drawdown Bond and on a Subseries of a Non-AMT Drawdown Bond in the manner and upon

the terms and conditions set forth in the Bond Purchase Agreement. The Authority may make a Drawing on a Subseries of a Drawdown Bond, repay such Drawing pursuant to Section 4.06 hereof and the Bond Purchase Agreement and make a subsequent Drawing on such Subseries under the terms and conditions set forth in this Fourth Supplemental Subordinate Indenture and the Bond Purchase Agreement; provided, however, that if a Subseries of Drawdown Bonds is redeemed pursuant to the provisions of Section 4.01 hereof, such Subseries shall be retired to the extent redeemed and the maximum aggregate principal amount of such Subseries shall be reduced accordingly.

(ii) None of the documents set forth in Section 2.09 of the Master Subordinate Indenture need be provided with respect to any Drawing subsequent to the Effective Date.

(iii) Drawings on AMT Drawdown Bonds may be made only if the Authority shall have obtained an Opinion of Bond Counsel, addressed to the Authority, the Underwriter and the Purchaser, to the effect that the interest on the applicable Drawing is excluded from gross income for federal income tax purposes. Drawings on Non-AMT Drawdown Bonds may be made only if the Authority shall have obtained an Opinion of Bond Counsel, addressed to the Authority, the Underwriter and the Purchaser, to the effect that the interest on the applicable Drawing is excluded from gross income for federal income tax purposes, and that the interest on such Drawing is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. At the Authority's option, after consultation with Bond Counsel, the Authority may obtain and deliver to the Underwriter and the Purchaser an opinion of Bond Counsel that relates to one or more Drawings under the Drawdown Bonds.

(iv) Other than the initial Drawing under a Subseries of Drawdown Bonds, Drawings shall be deemed to occur on the Interest Payment Date immediately preceding the Drawing. Interest with respect to a Drawing shall accrue from the date that the Drawing occurs or is deemed to occur in accordance with the prior sentence. Drawings on an Interest Payment Date will be drawn at the par amount thereof, in Authorized Denominations, and Drawings on a date other than an Interest Payment Date (except the initial Drawing under a Subseries of Drawdown Bonds) will be drawn at the par amount thereof, in Authorized Denominations, plus accrued interest thereon from the most recent Interest Payment Date.

(c) ***Maximum Principal Amount.*** The Drawdown Bonds shall not be issued such that the principal amount of all Outstanding Drawdown Bonds shall exceed the Commitment Amount. The aggregate principal amount of the Drawdown Bonds may be repaid and reborrowed. Interest shall accrue only on the principal amount of any Subseries of Drawdown Bonds that has been actually drawn by the Authority and not yet redeemed or repaid, as reflected on the Schedule of Drawings, Repayments and Redemption maintained by the Trustee.

(d) ***Date and Maturity Date.*** Each Subseries of Drawdown Bonds shall be dated their respective date of issuance, and each Subseries of Drawdown Bonds shall mature on the Amortization End Date, unless redeemed prior to the Amortization End Date.

(e) ***Interest Rate.***

(i) ***Before Commitment End Date.*** Before the Commitment End Date, the AMT Drawdown Bonds shall bear interest during each Interest Accrual Period at an interest rate equal to the AMT Drawdown Rate, and the Non-AMT Drawdown Bonds will bear interest during each Interest Accrual Period at an interest rate equal to the Non-AMT Drawdown Rate. Each Subseries of Drawdown Bonds shall only bear interest based on the principal amount of all Outstanding Drawings under such Subseries.

(ii) ***During the Amortization Period.*** During the Amortization Period, all Drawdown Bonds shall bear interest at the Amortization Period Interest Rate.

(iii) ***Bondholder's Agreement Event of Default [or Taxable Date].*** Upon the occurrence of any Bondholder's Agreement Event of Default [or a Taxable Date], all Drawdown Bonds shall immediately and automatically bear interest at the Default Rate [or the Taxable Drawdown Rate, as applicable].

(iv) ***Interest Accrual on Drawing.*** If, as provided in Section 2.02(b)(iv) hereof, interest on a Drawdown Bond bears interest from the immediately preceding Interest Payment Date, the Authority shall pay interest on the Drawdown Bonds on each Interest Payment Date for the interest accrued during the period commencing on the immediately preceding Interest Payment Date and ending on the day immediately preceding the Interest Payment Date on which such payment is due and payable.

(v) ***Calculations.*** All calculations of interest on the Drawdown Bonds shall be made by the Calculation Agent and shall be calculated on the basis of a 365/366-day year, as applicable, and actual days elapsed. The Calculation Agent shall provide all calculations of interest on the Drawdown Bonds to the Trustee (if the Trustee is not the Calculation Agent), the Authority, the Purchaser and the Owner Representative. The Calculation Agent shall also provide the AMT Drawdown Rate and the Non-AMT Drawdown Rate to [floater@bloomberg.net](mailto:floater@bloomberg.net) and [variable@bloomberg.net](mailto:variable@bloomberg.net).

(vi) ***Maximum Interest Rate.*** Subject to Section 2.02(f) hereof, in no event may any Drawdown Bond bear interest in excess of the Maximum Interest Rate.

(f) ***Excess Interest.***

(i) If the amount of interest payable on any Drawdown Bonds for any period in accordance with the terms hereof exceeds the amount of interest that would be payable on such Drawdown Bond for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate.

(ii) Any interest that would have been due and payable on any Drawdown Bond by the Authority for any period but for the operation of the immediately preceding paragraph (A) shall accrue and be payable as provided in this paragraph (ii) and shall, after deducting any interest actually paid to the Owners during such period, constitute the “*Excess Interest Amount.*” If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount owing by the Authority to the Owners hereunder with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to the Owners of the entire Excess Interest Amount owed to them.

(iii) Notwithstanding the foregoing, on the date on which no Drawdown Bond remains unpaid, to the extent possible without violating applicable Laws, the Authority shall pay to the Owners an amount equal to any accrued and unpaid Excess Interest Amount owed to them.

(g) ***Payment of Drawdown Bonds and the Obligations.*** Principal of and interest on the Drawdown Bonds and the other Obligations will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money. The Authority covenants that it will duly and punctually pay or cause to be paid when due from Subordinate Net Revenues the principal of and interest on every Drawdown Bond and the other Obligations. Payment of the final principal payment (i.e., the final payment made on a Subseries of Drawdown Bonds on or prior to the Amortization End Date) of each Subseries of the Drawdown Bonds shall be made upon surrender of such Drawdown Bonds to the Trustee or its agent at its corporate trust office; provided that with respect to Drawdown Bonds which are Book-Entry Bonds, the Trustee shall make other arrangements for payment of principal as provided in the Representation Letter. Payment of interest on Drawdown Bonds which are not Book-Entry Bonds shall be paid by check of the Trustee mailed by first-class mail to the person who is the registered Owner thereof on the Record Date, and such payment shall be mailed to such Owner at his address as it appears on the registration books of the Registrar, provided, that Owners of \$1,000,000 or more in aggregate principal amount of Drawdown Bonds may arrange for payment by wire transfer of immediately available funds upon written request given to the Trustee at least one Business Day prior to the applicable Interest Payment Date. The payment of interest on Book-Entry Bonds shall be made as provided in Section 3.02 hereof with respect to all Drawdown Bonds and interest due and payable on any Interest Payment Date shall be paid to the person who is the registered Owner as of the Record Date.

If the principal amount of a Subseries is paid in full prior to the Commitment End Date (i.e., there are no Outstanding Drawings under such Subseries), such Subseries will be deemed to remain outstanding to and including the Amortization End Date; provided that such payment of the Drawdown Bond did not occur in connection with a redemption.

### **ARTICLE III**

#### **EXCHANGE OF DRAWDOWN BONDS; BOOK-ENTRY BONDS**

**Section 3.01. Exchange of Drawdown Bonds.** Drawdown Bonds which are delivered to the Registrar for exchange may be exchanged for an equal total principal amount of the same Subseries of such Drawdown Bonds. The cost of printing Drawdown Bonds and any services rendered or expenses incurred by the Trustee or the Registrar in connection with any transfer or exchange shall be paid by the Authority. The Trustee or the Registrar may require the payment by the Holders requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer.

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

#### **Section 3.02. Book-Entry Bonds.**

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

(b) The Drawdown Bonds shall be initially issued in the form of separate single authenticated fully registered bond for each Subseries of the Drawdown Bonds. Upon initial issuance, the ownership of such Drawdown Bonds shall be registered in the registration books of the Registrar in the name of Cede & Co., as nominee of DTC. The Trustee, the Registrar and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Drawdown Bonds registered in its name for the purposes of paying the principal and Redemption Price of and interest on the Drawdown Bonds, selecting the Drawdown Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders under the Master Subordinate Indenture or this Fourth Supplemental Subordinate Indenture, registering the transfer of Drawdown Bonds, obtaining any consent or other action to be taken by Holders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the Authority shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Drawdown Bonds under or through DTC

or any Participant, or any other person which is not shown on the registration books as being a Holder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal and Redemption Price of or interest on the Drawdown Bonds; any notice which is permitted or required to be given to Holders under the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Drawdown Bonds; any consent given or other action taken by DTC as Holder; or any other purpose. The Trustee shall pay all principal and Redemption Price of and interest on the Drawdown Bonds only to or “upon the order of” DTC (as that term is used in the Uniform Commercial Code as adopted in the State of California), and all such payments shall be valid and effective to fully satisfy and discharge the Authority’s obligations with respect to the principal and Redemption Price of and interest on the Drawdown Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Drawdown Bond evidencing the obligation of the Authority to make payments of principal, Redemption Price and interest pursuant to the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word “Cede & Co.” in this Fourth Supplemental Subordinate Indenture shall refer to such new nominee of DTC.

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

(d) Notwithstanding any other provision of the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture to the contrary, so long as any Drawdown Bond is registered in the name of Cede & Co., as nominee of DTC, all

payments with respect to the principal and Redemption Price of and interest on such Drawdown Bond and all notices with respect to such Drawdown Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

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

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

**Section 3.03. Transfers Outside Book-Entry System.** In the event (a) the Securities Depository determines not to continue to act as securities depository for the Drawdown Bonds, or (b) the Authority determines that the Securities Depository shall no longer so act, and delivers a written certificate to the Trustee and the Securities Depository to that effect, then the Authority will discontinue the book-entry system with the Securities Depository. If the Authority determines to replace the Securities Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new, single, separate, fully registered Drawdown Bond for each Subseries of the Drawdown Bonds registered in the name of such successor or substitute qualified securities depository or its nominee or make such other arrangement acceptable to the Authority and the Securities Depository as are not inconsistent with the terms of the Master Subordinate Indenture or this Fourth Supplemental Subordinate Indenture. If the Authority fails to identify another qualified securities depository to replace the Securities Depository, then the Drawdown Bonds shall no longer be restricted to being registered in the Register in the name of the nominee of the Securities Depository, but shall be registered in such authorized denominations and names as the Securities Depository shall designate in accordance with the provisions of this Article III.

## ARTICLE IV

### REDEMPTION AND REPAYMENT OF DRAWDOWN BONDS

#### **Section 4.01. Redemption Provisions.**

(a) *Optional Redemption of Drawdown Bonds.* Each Subseries of Drawdown Bonds is subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part,



on any date at a Redemption Price equal to 100% of the principal amount of the Subseries to be redeemed plus accrued interest to the date fixed for redemption, without premium. The principal amount of any Subseries of Drawdown Bonds that is optionally redeemed may not be reborrowed.

(b) ***Mandatory Sinking Fund Redemption During an Amortization Period.***

During the Amortization Period, the Outstanding Drawdown Bonds shall be subject to mandatory redemption, commencing on the Initial Amortization Payment Date and on each succeeding Amortization Payment Date. Each Amortization Payment due on each Amortization Payment Date shall be in an amount as calculated pursuant to Section 2.1(e) of the Bondholder's Agreement. During the Amortization Period, the Redemption Price of the Drawdown Bonds shall be equal to the principal amount of the Drawdown Bonds to be redeemed on such date plus interest accrued to but excluding the Amortization Payment Date. During the Amortization Period, interest on Outstanding Drawdown Bonds shall accrue at the Amortization Period Interest Rate payable monthly in arrears on each Interest Payment Date. Any AMT Drawdown Bonds and Non-AMT Drawdown Bonds redeemed pursuant to this Section 4.01(b) shall be redeemed on a pro rata basis.

**Section 4.02. Notice of Optional Redemption.** If the Authority wishes that any Drawdown Bonds be optionally redeemed pursuant to the provision of this Fourth Supplemental Subordinate Indenture, the Authority will notify the Trustee of the Subseries of Drawdown Bonds being redeemed, the Redemption Date, the CUSIP number and the principal amount of the Subseries of Drawdown Bonds to be redeemed and other necessary particulars. The Authority will give notice to the Trustee at least twenty (20) days before the Redemption Date, provided that the Trustee may, at its option, waive such notice or accept notice at a later date. The Trustee shall give notice of redemption, in the name of the Authority, to the Holders affected by such optional redemption and the Owner Representative at least fifteen (15) days but not more than sixty (60) days before each Redemption Date, send such notice of redemption by first class mail (or with respect to Drawdown Bonds held by DTC via electronic means or an express delivery service for delivery on the next following Business Day) to each Holder of a Drawdown Bond to be redeemed. Each such notice shall be sent to the Holder's registered address.

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

The Authority may provide that, if at the time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Drawdown Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business one (1) Business Day prior to the scheduled Redemption Date, and such notice shall be

of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption shall be canceled and on such cancellation date notice shall be mailed to the Holders of such Drawdown Bonds to be redeemed in the manner provided in this Section.

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

If any Drawdown Bonds, at the time of redemption, are not Book-Entry Bonds, then, at the time of the mailing required by the first paragraph of this Section, such redemption notice shall be (a) provided to the EMMA System, and (b) given by (i) registered or certified mail, postage prepaid; (ii) telephonically confirmed facsimile transmission; or (iii) overnight delivery service, to:

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

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

**Section 4.03. Drawdown Bonds Redeemed in Part.** Upon surrender of a Drawdown Bond to be redeemed, in part only, the Trustee will authenticate for the Holder a new Drawdown Bond of the same Subseries and maturity date equal in principal amount to the unredeemed portion of the Drawdown Bond surrendered.

**Section 4.04. Payment of Drawdown Bonds Called for Redemption.** Upon surrender to the Trustee or the Trustee's agent, Drawdown Bonds called for redemption shall be paid at the Redemption Price stated in the notice.

**Section 4.05. Effect of Redemption Call.** On the date so designated for redemption, notice having been given in the manner and under the conditions provided herein and sufficient moneys for payment of the Redemption Price being held in trust to pay the Redemption Price, the Drawdown Bonds so called for redemption shall become and be due and payable on the Redemption Date, interest on such Drawdown Bonds shall cease to accrue from and after such Redemption Date, such Drawdown Bonds shall cease to be entitled to any lien, benefit or security under the Master Trust Indenture and this Fourth Supplemental Subordinate Indenture and the Holders of such Drawdown Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price.

Drawdown Bonds which have been duly called for redemption under the provisions of this Article IV and for the payment of the Redemption Price of which moneys shall be held in trust for the Holders of the Drawdown Bonds to be redeemed, all as provided in this Fourth Supplemental Subordinate Indenture, shall not be deemed to be Outstanding (as defined in the Master Subordinate Indenture) under the provisions of the Master Trust Indenture and this Fourth Supplemental Subordinate Indenture.

#### **Section 4.06. Repayment of Drawdown Bonds.**

(a) Upon five (5) Business Days written notice by the Authority to the Trustee, the Owner Representative and the Purchaser, each Subseries of Drawdown Bonds is subject to optional repayment by the Authority from any moneys that may be provided for such purpose, in whole or in part, in Authorized Denominations, on any date at a price equal to 100% of the principal being repaid, plus accrued interest, if any, to such Repayment Date, without premium. Upon the Purchaser's receipt of the Repayment Price, the Available Commitment shall be reinstated by the amount of such repayment; provided, however, that the Trustee shall not cancel or destroy any Subseries of Drawdown Bonds which has been repaid (but not redeemed) so long as any amount remains to be drawn under such Drawdown Bonds and such Subseries shall be deemed to not be retired.

(b) Upon repayment of any Subseries of Drawdown Bonds pursuant to this Section 4.06, the Outstanding amount of such Subseries shall be reduced by the amount of such repayment.

(c) If the principal amount of all Drawings of a Subseries of Drawdown Bonds are paid in full on or before the Commitment End Date (i.e., there are no Outstanding Drawings under such Subseries of Drawdown Bonds) but have not been redeemed, such Subseries of Drawdown Bonds will be deemed to not be retired unless and until, on the Amortization End Date, no Drawings under such Subseries are Outstanding or (ii) such Subseries are redeemed pursuant to this Article IV.

### **ARTICLE V**

#### **ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF**

**Section 5.01. Creation of Debt Service Funds.** The Authority hereby establishes the "San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds Series B (AMT) Debt Service Fund" (the "*AMT Debt Service Fund*") and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee. The AMT Debt Service Fund and each of the Accounts held therein shall be maintained by the Trustee in trust for the benefit of the Holders.

The Authority hereby establishes the "San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds Series A (Non-AMT) Debt Service Fund" (the "*Non-AMT Debt Service Fund*") and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee. The Non-AMT Debt Service Fund and each of

the Accounts held therein shall be maintained by the Trustee in trust for the benefit of the Holders.

**Section 5.02. Creation of Drawdown Bonds Construction Fund.** The Authority hereby establishes the “San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds Construction Fund” (the “*Drawdown Bonds Construction Fund*”) and therein an AMT Project Account and a Non-AMT Project Account, to be held by the Trustee. The Trustee shall establish within each AMT Project Account and Non-AMT Project Account a separate Subaccount for each Drawing to the extent proceeds of such Drawing are to be deposited in the AMT Project Account or the Non-AMT Project Account.

**Section 5.03. Deposit of Proceeds of Drawdown Bonds.** Except as otherwise provided in the following sentence, upon receipt from the Purchaser, the Authority shall transfer or cause to be transferred the proceeds from each Drawing to the Trustee immediately upon receipt thereof. The proceeds from each Drawing shall be applied by (a) the Trustee, at the direction of an Authorized Authority Representative, for deposit into the appropriate Account and/or Subaccount of the Drawdown Bonds Construction Fund, and expended therefor in accordance with the provisions of Section 5.04 hereof, and/or (b) the Authority for such other purposes as allowed by the Act and/or the Master Subordinate Indenture.

**Section 5.04. Application of Moneys in the Drawdown Bonds Construction Fund.**

(a) Except as provided in this Section 5.04, (i) moneys deposited in the AMT Project Account of the Drawdown Bonds Construction Fund shall be withdrawn from time to time as directed in writing by an Authorized Authority Representative solely to pay the Costs of AMT Projects and/or Non-AMT Projects and for such other purposes as allowed by the Act and/or the Master Subordinate Indenture, and (ii) moneys deposited in the Non-AMT Project Account of the Drawdown Bonds Construction Fund shall be withdrawn from time to time as directed in writing by an Authorized Authority Representative solely to pay the Costs of Non-AMT Projects and for such other purposes as allowed by the Act and/or the Master Subordinate Indenture.

(b) The Trustee shall make payments or disbursements from the Accounts and Subaccounts within the Drawdown Bonds Construction Fund upon receipt of a written requisition executed by an Authorized Authority Representative, in substantially the form attached as Exhibit B hereto, which requisition shall state, with respect to each amount requested thereby, (i) the Account and/or Subaccount from which such payment is to be made, (ii) the number of the requisition from such Account and/or Subaccount, (iii) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made, which may be the Authority in the case of reimbursement for costs theretofore paid by the Authority, (iv) the identity of the Project to which such payment corresponds, and (v) that the amounts requisitioned will be expended only in accordance with and subject to the limitations set forth in the Tax Certificate. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(c) Moneys held in the Drawdown Bonds Construction Fund shall be invested and reinvested as directed by the Authority in Permitted Investments. Earnings on the Drawdown Bonds Construction Fund shall be retained in the Drawdown Bonds Construction Fund.

(d) The completion of a Project shall be evidenced by the filing with the Trustee of a certificate of an Authorized Authority Representative stating either (i) the date of completion of the applicable Project and the amount, if any, required in the opinion of such Authorized Authority Representative for the payment of any remaining part of the Costs of such Project or (ii) that all amounts in the applicable Account and/or Subaccount of the Drawdown Bonds Construction Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the applicable Account and/or Subaccount of the Drawdown Bonds Construction Fund following the delivery of such certificate, or upon the determination of the Authority not to proceed with the applicable Project, may, at the determination of the Authority, be applied upon written requisition of an Authorized Authority Representative to any other lawful purpose designated in such requisition and for which purpose such proceeds may be used under the Act and the Master Subordinate Indenture. As a condition to the disbursement of funds from the AMT Project Account or the Non-AMT Project Account for a purpose other than those described in Section 5.04(a) hereof, there shall be delivered to the Trustee with the requisition an Opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Act and the Master Subordinate Indenture and that such use shall not result in the inclusion of interest on any Drawdown Bonds in gross income of the recipient thereof for federal income tax purposes (subject to the inclusion of any exception contained in the opinion delivered at the time of the original issuance of such Drawdown Bonds).

**Section 5.05. Deposits Into the AMT Debt Service Fund; Use of the AMT Debt Service Fund.**

(a) **Interest Account.** The Trustee shall deposit into the Interest Account of the AMT Debt Service Fund (i) amounts received from the Authority, as provided in the Master Subordinate Indenture, and (ii) any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges and any accrued interest received with respect to a Drawing under an AMT Drawdown Bond) deposited with the Trustee for deposit in the Interest Account of the AMT Debt Service Fund or transferred from other funds and accounts for deposit therein, to be used to pay interest on the AMT Drawdown Bonds. All amounts held at any time in the Interest Account of the AMT Debt Service Fund shall be (A) held on a priority basis for the ratable security and payment of interest due on the AMT Drawdown Bonds in accordance with their terms, and (B) used by the Trustee to pay the interest on the AMT Drawdown Bonds on each Interest Payment Date, each Amortization Payment Date and the Amortization End Date.

Earnings on any Passenger Facility Charges deposited in the Interest Account of the AMT Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Interest Account of the AMT Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on

the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Bondholder's Agreement Event of Default exists under the Bondholder's Agreement, in which event the earnings shall be retained in such Account.

(b) ***Principal Account.*** The Trustee shall deposit into the Principal Account of the AMT Debt Service Fund (i) amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay principal of the AMT Drawdown Bonds at maturity, and (ii) any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit into the Principal Account of the AMT Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Principal Account of the AMT Debt Service Fund shall be (A) held on a priority basis for the ratable security and payment of principal due on the AMT Drawdown Bonds in accordance with their terms, and (B) used by the Trustee to pay the principal of the AMT Drawdown Bonds (including principal payable in accordance with mandatory sinking fund redemption as described in Section 4.01(b) hereof) at such times and in such amounts as set forth in this Fourth Supplemental Subordinate Indenture and the Bondholder's Agreement.

Earnings on any Passenger Facility Charges deposited in the Principal Account of the AMT Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Principal Account of the AMT Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on or about July 15 of each Fiscal Year for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Bondholder's Agreement Event of Default exists under the Bondholder's Agreement, in which event the earnings shall be retained in such Account.

(c) ***Redemption Account.*** The Trustee shall deposit into the Redemption Account of the AMT Debt Service Fund amounts received from the Authority or from other sources to be used to pay the Redemption Price of the AMT Drawdown Bonds which are to be optionally redeemed in advance of their maturity. All amounts held at any time in the Redemption Account of the AMT Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of the Redemption Price of the AMT Drawdown Bonds in accordance with their terms, and (ii) used by the Trustee to pay the Redemption Price of the AMT Drawdown Bonds at such times and in such amounts in accordance with Section 4.01(a) hereof.

Earnings on amounts in the Redemption Account of the AMT Debt Service Fund shall be retained in such Account or, provided, no Event of Default exists under the Master Subordinate Indenture or a Bondholder's Agreement Event of Default exists under the Bondholder's Agreement, paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

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

**Section 5.06. Deposits Into the Non-AMT Debt Service Fund; Use of the Non-AMT Debt Service Fund.**

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account of the Non-AMT Debt Service Fund (i) amounts received from the Authority, as provided in the Master Subordinate Indenture, and (ii) any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges and any accrued interest received with respect to a Drawing under a Non-AMT Drawdown Bond) deposited with the Trustee for deposit in the Interest Account of the Non-AMT Debt Service Fund or transferred from other funds and accounts for deposit therein, to be used to pay interest on the Non-AMT Drawdown Bonds. All amounts held at any time in the Interest Account of the Non-AMT Debt Service Fund shall be (A) held on a priority basis for the ratable security and payment of interest due on the Non-AMT Drawdown Bonds in accordance with their terms, and (B) used by the Trustee to pay the interest on the Non-AMT Drawdown Bonds on each Interest Payment Date, each Amortization Payment Date and the Amortization End Date.

Earnings on any Passenger Facility Charges deposited in the Interest Account of the Non-AMT Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Interest Account of the Non-AMT Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Bondholder's Agreement Event of Default exists under the Bondholder's Agreement, in which event the earnings shall be retained in such Account.

(b) ***Principal Account.*** The Trustee shall deposit into the Principal Account of the Non-AMT Debt Service Fund (i) amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay principal of the Non-AMT Drawdown Bonds at maturity, and (ii) any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit into the Principal Account of the Non-AMT Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Principal Account of the Non-AMT Debt Service Fund shall be (A) held on a priority basis for the ratable security and payment of principal due on the Non-AMT Drawdown Bonds in accordance with their terms, and (B) used by the Trustee to pay the principal of the Non-AMT Drawdown Bonds (including principal payable in accordance with mandatory sinking fund redemption as described in Section 4.01(b) hereof) at such times and in such amounts as set forth in this Fourth Supplemental Subordinate Indenture and the Bondholder's Agreement.

Earnings on any Passenger Facility Charges deposited in the Principal Account of the Non-AMT Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Principal Account of the Non-AMT Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on or about July 15 of each Fiscal Year for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a

Bondholder's Agreement Event of Default exists under the Bondholder's Agreement, in which event the earnings shall be retained in such Account.

(c) **Redemption Account.** The Trustee shall deposit into the Redemption Account of the Non-AMT Debt Service Fund amounts received from the Authority or from other sources to be used to pay the Redemption Price of the Non-AMT Drawdown Bonds which are to be optionally redeemed in advance of their maturity. All amounts held at any time in the Redemption Account of the Non-AMT Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of the Redemption Price of the Non-AMT Drawdown Bonds in accordance with their terms, and (ii) used by the Trustee to pay the Redemption Price of the Non-AMT Drawdown Bonds at such times and in such amounts in accordance with Section 4.01(a) hereof.

Earnings on amounts in the Redemption Account of the Non-AMT Debt Service Fund shall be retained in such Account or, provided, no Event of Default exists under the Master Subordinate Indenture or a Bondholder's Agreement Event of Default exists under the Bondholder's Agreement, paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The Non-AMT Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

**Section 5.07. Investment of Moneys in Funds, Accounts and Subaccounts.** All moneys in any of the Funds, Accounts and Subaccounts held by the Trustee and established pursuant to this Fourth Supplemental Subordinate Indenture shall be invested solely in Permitted Investments maturing or available not later than the date on which it is estimated that such moneys will be required. In addition, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the Fund, Account or Subaccount from which such accrued interest was paid.

The Trustee may, subject to the terms of the Tax Certificate, commingle any of the moneys on deposit in any of the Funds, Accounts or Subaccounts established pursuant to this Fourth Supplemental Subordinate Indenture into a separate Fund, Account or Subaccount for investment purposes only, provided that all Funds, Accounts and Subaccounts held by the Trustee hereunder shall be accounted for separately as required by this Fourth Supplemental Subordinate Indenture. The Trustee may sell at the best price obtainable, or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Fund, Account or Subaccount to which such Permitted Investment is credited.

The Trustee shall keep or cause to be kept proper books of record and accounts containing complete and correct entries of all transactions made by each, respectively, relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Drawdown Bonds, including moneys derived from, pledged to, or to be used to make payments on the Drawdown Bonds. Such records shall specify the Fund, Account or Subaccount to which



each investment (or portion thereof) is to be allocated and shall set forth, in the case of each Permitted Investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition of disposition or maturity.

## ARTICLE VI

### PLEDGE AND PAYMENT

**Section 6.01. Source of Payment for Drawdown Bonds and Obligations.** The Drawdown Bonds and the Obligations are Subordinate Obligations and, as such, are special, limited obligations of the Authority secured by a pledge of and shall be a lien upon and shall be payable solely from the funds, assets and security described hereunder and under the Master Subordinate Indenture.

The Authority hereby pledges, places a lien upon and assigns Subordinate Net Revenues to secure the payment of (a) the principal of and interest on the Drawdown Bonds and (b) the payment of any Obligations in accordance with their respective terms. The Subordinate Net Revenues constitute a trust fund for the security and payment of the principal of and interest on the Drawdown Bonds, the Obligations and all other Subordinate Obligations; and the Purchaser as holder of the Drawdown Bonds, and the Owner Representative, the Credit Protection Provider, the Purchaser and any Owner as payees of the Obligations, and the holders from time to time of the other Subordinate Obligations of the Authority and any other future parity Subordinate Obligations shall share *pari passu* without priority or distinction of one over the other in the Subordinate Net Revenues.

To provide additional security for the payment of the Obligations and the principal of and interest on the Drawdown Bonds as the same shall become due and payable, the Authority hereby pledges and grants a lien upon, subject only to the provisions of this Fourth Supplemental Subordinate Indenture and the Tax Certificate permitting the application thereof for purposes and on the terms and conditions set forth herein and therein, (a) amounts held for the payment of such Drawdown Bond by the Trustee in the AMT Debt Service Fund and the Non-AMT Debt Service Fund, (b) amounts held for the payment of such Drawdown Bonds by the Trustee in the Drawdown Bonds Construction Fund, (c) the proceeds of any other evidences of indebtedness of the Authority issued or incurred solely for the payment of the principal of and interest on the Drawdown Bonds and/or the Obligations, and (d) any other moneys of the Authority hereafter pledged by the Authority to the payment of the principal of and interest on the Drawdown Bonds and/or the Obligations.

**Section 6.02. Other Sources of Payment of the Drawdown Bonds and the Obligations.** The Authority may, but is not obligated to, provide for the payment of the principal of and interest on the Drawdown Bonds and the Obligations from any other source or from any other funds of the Authority, including, but not limited to, amounts derived from Passenger Facility Charges, except as otherwise provided in the PFC Resolution.

**Section 6.03. PFC Resolution.** The Authority hereby covenants to comply with all of the terms, conditions, obligations and covenants set forth in the PFC Resolution.

## ARTICLE VII

### TAX COVENANTS

**Section 7.01. Drawdown Bonds Rebate Fund.** The Authority hereby agrees that it will enter into the Tax Certificate and will thereunder establish the “San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds Rebate Fund” (the “*Drawdown Bonds Rebate Fund*”), which fund will be held by the Trustee and will be funded by the Authority, including amounts directed by an Authorized Authority Representative pursuant to Section 5.07 hereof to be deposited therein, if so required under the Tax Certificate and amounts in such Drawdown Bonds Rebate Fund shall be held and disbursed in accordance with the Tax Certificate.

The Trustee shall establish within the Drawdown Bonds Rebate Fund a separate Account representing each Drawing for AMT Drawdown Bonds and Non-AMT Drawdown Bonds. All money at any time deposited in the Drawdown Bonds Rebate Fund (or any Account therein) in accordance with the provisions of the Tax Certificate shall be held by the Trustee in trust for payment to the federal government of the United States of America, and neither the Authority nor the Owners of the Drawdown Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Drawdown Bonds Rebate Fund shall be governed by this Fourth Supplemental Subordinate Indenture and by the Tax Certificate. Money shall not be transferred from the Drawdown Bonds Rebate Fund except in accordance with the Tax Certificate and in accordance with written directions from the Authority to the Trustee (which written directions the Trustee may conclusively rely on).

#### **Section 7.02. Preservation of Tax Exemption.**

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

(b) The Authorized Authority Representatives shall be responsible for the execution and delivery (on or prior to the date of the initial delivery of the Drawdown Bonds and the dates referred to in the third paragraph of this subsection (b)) of a Tax Certificate that, in a manner satisfactory to Bond Counsel, evidences compliance with the relevant requirements of Sections 103 and 141 through 150 of the Code.

The Authority shall set forth in the Tax Certificate its reasonable expectations on the date of delivery of the Tax Certificate as to relevant facts, estimates and circumstances relating to the use of the proceeds of the applicable Drawdown Bonds and any other matters deemed relevant by Bond Counsel. The facts, estimates and circumstances set forth in the Tax Certificate will be in all material respects, to the best of the Authorized Authority Representative’s knowledge, true and correct as of the respective dates thereof. Neither the Authority, any present or future individual members of the Authority nor any official, agent or employee thereof shall have any individual

liability to any holder of a Drawdown Bond for any statement or matter included in or omitted from any Tax Certificate.

(c) The Authority shall not use or permit the use of any proceeds of the Drawdown Bonds or any other funds of the Authority held by the Trustee under this Fourth Supplemental Subordinate Indenture, attributable to the Drawdown Bonds, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Authority or the Trustee with respect to the Drawdown Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Drawdown Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code or an “arbitrage bond” within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder and under Section 103(c) of the Code. The Authority shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations.

In the event Bond Counsel has informed the Authority that it is necessary to restrict or limit the yield on the investment of money held by the Trustee or to use such money in certain manners, in order to avoid the Drawdown Bonds being considered “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Drawdown Bonds at such time, the Authority shall issue to the Trustee a certificate to such effect together with appropriate instructions, in which event the Trustee shall take such action as it is directed to take to use such money in accordance with such certificate and instructions, irrespective of whether the Trustee shares such opinion.

Upon the receipt of written advice of Bond Counsel, the Authority may, and upon receipt of an approving ruling from the Internal Revenue Service or a decision of a court of competent jurisdiction the Authority shall, issue to the Trustee a written certificate to the effect that a restriction or limitation on the yield on the investment of any Drawdown Bond proceeds that was formerly deemed necessary is now removed or modified (along with appropriate written instructions), in which event the Authority and the Trustee will take such action as is necessary to so hold and invest the Drawdown Bond proceeds in accordance with such certificate and instructions. Neither the Authority, the Trustee, nor any present or future board member, official, officer, agent or employee of any of the foregoing shall incur any liability in connection with any certificate or instructions delivered by the Authority to the Trustee as contemplated herein.

(d) The Authority shall at all times do and perform all acts and things permitted by law and this Fourth Supplemental Subordinate Indenture which are necessary or desirable in order to assure that interest paid on the Drawdown Bonds (or any of them) will not be included in gross income for federal income tax purposes (other than interest paid to holders of the AMT Drawdown Bonds that are a “substantial user” of the facilities financed and refinanced with the AMT Drawdown Bonds or a “related person” within the meaning of Section 147(a) of the Code) and, with respect to the Non-AMT Drawdown Bonds, will not be included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and the

Authority shall take no action that would result in such interest on any Drawdown Bonds being included in gross income for federal income tax purposes (other than interest paid to holders of the AMT Drawdown Bonds that are a “substantial user” of the facilities financed and refinanced with the AMT Drawdown Bonds or a “related person” within the meaning of Section 147(a) of the Code) or interest on any Non-AMT Drawdown Bonds being included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations.

## **ARTICLE VIII**

### **MISCELLANEOUS**

#### **Section 8.01. Additional Event of Default and Remedy.**

(a) As permitted by Sections 8.01(f) and 8.12 of the Master Subordinate Indenture, there is hereby provided an additional Event of Default:

“A Bondholder’s Agreement Event of Default shall be an Event of Default under Section 8.01 of the Master Subordinate Indenture with respect to the Drawdown Bonds.”

(b) As permitted by Sections 8.02(c) and 8.12 of the Master Subordinate Indenture, there is hereby provided an additional remedy:

“The remedies provided for in the Bondholder’s Agreement upon the occurrence and continuation of an Event of Default shall be additional remedies allowed to be undertaken by the Purchaser under Section 8.02 of the Master Subordinate Indenture with respect to the Drawdown Bonds.”

**Section 8.02. Modification of the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture.** The Authority may, from time to time and at any time, execute and deliver Supplemental Subordinate Indentures supplementing and/or amending the Master Subordinate Indenture and this Fourth Supplemental Subordinate Indenture in the manner set forth in Article X of the Master Subordinate Indenture.

**Section 8.03. Notice of Change of Authority Rating or Maximum Federal Corporate Tax Rate.** The Authority shall give, or cause to be given, notice of any change of the Authority Rating not later than ten (10) Business Days after the occurrence of such change to the Trustee, the Owner Representative, the Purchaser and the Underwriter. [The Authority will cause [the Owner Representative] to provide the Trustee of notice of any change to the Maximum Federal Corporate Tax Rate not later than [ten (10) Business Days] after the occurrence of such change.] The Trustee shall have no responsibility to determine the Authority Rating or the Maximum Federal Corporate Tax Rate and may conclusively rely upon the Authority Rating and the Maximum Federal Corporate Tax Rate set forth herein or provided by the Authority or [the Owner Representative] , respectively.

**Section 8.04. Notices.**

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

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when mailed by first-class mail, postage prepaid, addressed to the Authority or the Trustee at the addresses provided in the Master Subordinate Indenture or when delivered by hand and received by the Authority or the Trustee at the addresses provided in the Master Subordinate Indenture. Any notice or other communication to the Purchaser shall be sent to the following address:

Purchaser:

Payment Instructions —

US Bank

ABA# 091000022

Account # 160230097208

Account: RBC Capital Markets LLCFFC: MPI,

Account #[\_\_\_\_\_]

Notices —

RBC Municipal Products, LLC  
100 Second Avenue South, Suite 800  
St. Petersburg, Florida 337701-4337  
Attention: Thomas Carlson  
Telephone: (727) 895-8899  
Facsimile: (727) 895-8895  
Email: thomas.carlson@rbccm.com

and

Attention: Joseph Huesman  
Facsimile: (212) 642-2490  
Email: joseph.huesman@rbccm.com

and

Email: transactionreviewsub@rbccm.com

With a copy to:

Royal Bank of Canada  
Corporate Banking  
Three World Financial Center, 12th Floor  
200 Vesey Street  
New York, NY 10281 8098  
Attention: Stephanie Gordon  
Telephone: (212) 618-7501  
Facsimile: [\_\_\_\_\_]  
Email: stephanie.gordon@rbccm.com

and:

Credit Transaction Management – Compliance  
Royal Bank of Canada  
200 Bay Street, South Tower, 12th Floor RBPS 12  
Toronto, Ontario M5J 2J5, Canada  
Attention: Kamal Grover  
Facsimile: (416) 842 4020  
Email: managercompliance ctm@rbccm.com; and  
transactionreviewsub@rbccm.com

Underwriter: RBC Capital Markets, LLC  
Three World Financial Center, 9<sup>th</sup> Floor  
200 Vesey Street  
New York, New York 10281-8098  
Attention: Michael Lexton  
Telephone: (212)905-5907  
Facsimile: (212) [\_\_\_\_\_] ]  
E mail: michael.lexton@rbccm.com

and:

RBC Capital Markets, LLC  
Two Embarcadero Center, 12<sup>th</sup> Floor  
San Francisco, California 94111  
Attention: Tom Yang  
Telephone: (415) 445-8206  
Facsimile: (415) [\_\_\_\_\_] ]  
E mail: tom.a.yang@rbccm.com

Any addressee may designate additional or different addresses for purposes of this Section.

**Section 8.05. Parties Interested Herein.** Nothing in this Fourth Supplemental Subordinate Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee and the Purchaser, any right, remedy or claim under or by reason of this Fourth Supplemental Subordinate Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Fourth Supplemental Subordinate Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Purchaser.

**Section 8.06. Severability.** If any provision of this Fourth Supplemental Subordinate Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Fourth Supplemental Subordinate Indenture.

**Section 8.07. Payments or Actions Occurring on Non-Business Days.** If a payment date is not a Business Day at the place of payment or if any action required hereunder is required on a date that is not a Business Day, then payment may be made at that place on the next Business Day or such action may be taken on the next Business Day with the same effect as if payment were made on the action taken on the stated date, and no interest shall accrue for the intervening period.

**Section 8.08. Governing Law.** This Fourth Supplemental Subordinate Indenture shall be governed by and construed in accordance with the laws of the State.

**Section 8.09. Captions.** The captions in this Fourth Supplemental Subordinate Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Fourth Supplemental Subordinate Indenture.

**Section 8.10. Counterparts.** This Fourth Supplemental Subordinate Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

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



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

SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY

By \_\_\_\_\_  
[\_\_\_\_\_]

Attest:

By \_\_\_\_\_  
Tony R. Russell,  
Director, Corporate Services/  
Authority Clerk

Approved as to form:

By \_\_\_\_\_  
Amy Gonzalez  
General Counsel

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Representative

[Signature page to Fourth Supplemental  
Subordinate Trust Indenture]

**EXHIBIT A**

**FORM OF DRAWDOWN BOND**

San Diego County Regional Airport Authority  
Subordinate Airport Revenue Drawdown Bonds  
Series [A/B] [(Non-AMT)][(AMT)]  
Subseries [A/B]-[\_\_\_] [(Non-AMT)][(AMT)]

No. R-[\_\_\_]

Maximum Principal Amount: Not to Exceed \$100,000,000

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

<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Original Dated Date</b>	<b>CUSIP</b>
Variable (as described herein)	[_____]	[_____], 2017	

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

THIS BOND AND THE INTEREST THEREON IS JUNIOR AND SUBORDINATE IN ALL RESPECTS TO THE SENIOR LIEN REVENUE BONDS AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES.

The San Diego County Regional Airport Authority (the "Authority"), acting pursuant to Section 170000 *et seq.* of the California Public Utilities Code (the "Act") and with exclusive

management and control of the Airport System, promises to pay, from the Subordinate Net Revenues, as hereinafter defined in this Bond, to Cede & Co., or registered assigns, the principal amount Outstanding on this Bond (up to the Maximum Principal Amount set forth above) on the Maturity Date set forth above and to pay interest as provided in this Bond.

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

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

Date of Authentication: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION, SAN DIEGO COUNTY REGIONAL AIRPORT  
as Trustee certifies that this is one of the AUTHORITY  
Subordinate Obligations referred to in the  
Master Subordinate Indenture and Fourth  
Supplemental Subordinate Indenture

By \_\_\_\_\_  
Authorized Signatory

By \_\_\_\_\_  
President and CEO

Attest:

By: \_\_\_\_\_  
Director, Corporate Services/  
Authority Clerk

**1. Master Subordinate Indenture; Fourth Supplemental Subordinate Indenture.** The Authority has entered into a Master Subordinate Trust Indenture, dated as of September 1, 2007 (the “Master Subordinate Indenture”), with U.S. Bank National Association, as successor trustee (the “Trustee”). Such Master Subordinate Indenture provides that the Authority may issue bonds and incur other indebtedness under the terms and conditions set forth in the Master Subordinate Indenture and Supplemental Subordinate Indentures. All bonds and other indebtedness issued thereunder and secured thereby are collectively referred to herein as “Subordinate Obligations.” All capitalized terms not defined herein shall have the meanings set forth in the Master Subordinate Indenture and the hereinafter defined Fourth Supplemental Subordinate Indenture.

This Bond is part of a series of Subordinate Obligations of the Authority issued under the Master Subordinate Indenture and the Fourth Supplemental Subordinate Trust Indenture, dated as of [\_\_\_\_\_] 1, 2017 (the “Fourth Supplemental Subordinate Indenture”), by and between the Authority and the Trustee and authorized by Resolution No. 2017-[\_\_\_\_\_] adopted by the board

of directors of the Authority on April 6, 2017. The series of Subordinate Obligations of which this Bond is a part is being issued in the maximum principal amount up to \$100,000,000 and designated as San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds, Series [A/B] [(Non-AMT/MAT)] (the “[Non-AMT][AMT] Drawdown Bonds”).

The [Non-AMT][AMT] Drawdown Bonds are being issued with a pledge of and lien on Subordinate Net Revenues on a parity with the other Subordinate Obligations issued on a parity with the [Non-AMT][AMT] Drawdown Bonds under the terms and provisions of the Master Subordinate Indenture.

The terms of the [Non-AMT][AMT] Drawdown Bonds include the terms set forth in the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture. Holders are referred to the Master Subordinate Indenture, as amended and supplemented from time to time, and the Fourth Supplemental Subordinate Indenture, as amended and supplemented from time to time, for a statement of those terms and for the meanings of any defined terms not defined herein.

2. **Source of Payments.** The [Non-AMT][AMT] Drawdown Bonds are, as provided in the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture, together with all other Subordinate Obligations, secured by and payable from, the Subordinate Net Revenues, as described below and as defined in the Master Subordinate Indenture. The Master Subordinate Indenture pledges the Subordinate Net Revenues to secure payment of all Subordinate Obligations issued under the Master Subordinate Indenture.

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

3. **Interest Rate and Interest Payment Dates.** This Bond shall bear interest at the rates and the Authority shall pay interest on this Bond on the dates and at the places provided for in the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture. Interest on this Bond shall be calculated on the basis of a 365/366-day year, as applicable, and actual days elapsed.

If this Bond is not a Book-Entry Bond, as defined in the Fourth Supplemental Subordinate Indenture, interest hereon will be paid by check mailed to the Holder’s registered address, and, if this Bond is a Book-Entry Bond, as defined in the Fourth Supplemental Subordinate Indenture, interest will be paid as provided in the Fourth Supplemental Subordinate Indenture. Interest will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money. If any payment of interest on this Bond is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

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

6. **Redemption and Repayment.** This Bond is subject to optional and mandatory sinking fund redemption and repayment as provided in the Fourth Supplemental Subordinate Indenture.

7. **Denominations; Transfer; Exchange.** The [Non-AMT][AMT] Drawdown Bonds are available in denominations of \$100,000 and integral multiples of \$5,000 in excess of \$100,000. A Holder may transfer or exchange Series 2010B Bonds in accordance with the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture.

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

9. **Unclaimed Money.** If money for the payment of principal or interest remains unclaimed for two years, the Trustee will pay the money to or for the account of the Authority. After that, Holders entitled to the money must look only to the Authority and not to the Trustee for payment.

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

11. **Amendment, Supplement, Waiver.** The Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture and the [Non-AMT][AMT] Drawdown Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, as provided in the Master Subordinate Indenture. Any consent given by the owner of this Bond shall bind any subsequent owner of this Bond or any Bond delivered in substitution for this Bond.

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

13. **No Recourse Against Others.** No member, director, officer or employee of the Authority shall have any personal liability for any obligations of the Authority under this Bond, the Master Subordinate Indenture or the Fourth Supplemental Subordinate Indenture or for any claim based on such obligations or their creation or be subject to any personal liability or accountability by reason of the issuance thereof. Each Holder, by accepting this Bond, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Bond.

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

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



**EXHIBIT B**

**FORM OF DRAWDOWN BONDS CONSTRUCTION FUND REQUISITION**

Requisition No. \_\_\_\_\_

To: U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attention: Corporate Trust Services

Re: Requisition of Funds from San Diego County Regional Airport Authority  
Subordinate Airport Revenue Drawdown Bonds Series [A/B] [(Non-AMT)/(AMT)] Construction Fund

The amount requisitioned: \$ \_\_\_\_\_

Payment to be made to: \_\_\_\_\_

Manner in which payment is to be made: \_\_\_\_\_

Description of Costs of [Non-AMT][AMT] Project: \_\_\_\_\_

The undersigned, an Authorized Authority Representative within the meaning of the Master Subordinate Trust Indenture, dated as of September 1, 2007 (the "Master Subordinate Indenture"), by and between the San Diego County Regional Airport Authority (the "Authority") and U.S. Bank National Association, as successor trustee (the "Trustee"), as supplemented by the Fourth Supplemental Subordinate Trust Indenture, dated as of [\_\_\_\_\_] 1, 2017 (the "Fourth Supplemental Subordinate Indenture"), by and between the Authority and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in the San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds Series [A/B] [(Non-AMT)/(AMT)] Construction Fund held under the Fourth Supplemental Indenture and directs that payment be made in the manner described above.

The amount to be paid represents Costs of a [Non-AMT][AMT] Project (as defined in the Master Indenture and the Fourth Supplemental Indenture) and does not represent Costs of Issuance associated with the issuance of the [Non-AMT][AMT] Drawdown Bonds (as defined in the Fourth Supplemental Indenture) and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated [\_\_\_\_\_] 20[\_\_\_] and relating to the [Non-AMT][AMT] Drawdown Bonds.

Dated: \_\_\_\_\_.

By \_\_\_\_\_  
Authorized Authority Representative





**SAN DIEGO**  
INTERNATIONAL AIRPORT

LET'S **GO.**

San Diego County Regional  
Airport Authority  
**Revolving Credit Variable Rate  
Program**

Presented by:  
John Dillon  
*Director Financial Management*

*March 27 2017*

# Agenda

- Rationale for a Short-term Variable Rate Debt Program
- Authority's Existing Revolving Line of Credit
- Variable Debt Capacity requirements
- Request for Proposal Results
- Revolving Drawdown Bonds
- Documents
- Recommendation and Requested Action

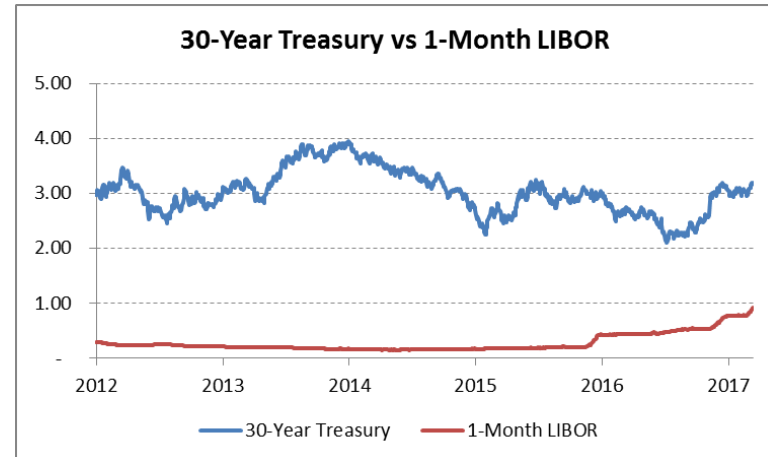
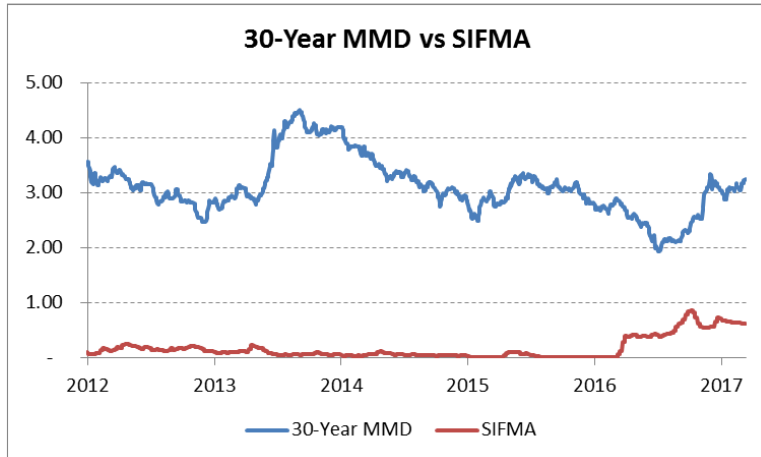
# Rationale for a Short-term Variable Rate Debt Program

- Used to manage capital funding requirements
  - Flexible, “just-in-time” funding
  - Interim capital funding source between long-term bond issues
- Provides variable interest rate component in our debt portfolio
  - Variable rate debt generally provides the lowest cost of funds for the short-term

# Rationale - Historical Interest Rates

Historically, short-term average rates are below long-term rates. Over the last five years:

- Short-term tax-exempt rates have averaged 0.16% compared to an average 30-year bond rate of 3.11%
- Short-term taxable rates have averaged 0.26% compared to an average 30-year US Treasury rate of 3.03%



Note: Market rates as of 2/7/2017

# Authority's Existing Revolving Line of Credit

- The Authority's current \$125M Revolving Credit Agreement was established in September 2014 with US Bank
- The revolving line of credit replaced the 2007 \$250 million Commercial Paper Program
- The Revolving Credit Agreement expires on September 4, 2017

# Authority's Existing Revolving Line of Credit - Continued

The Authority currently has \$56.7 million of outstanding Revolving Obligations:

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

# Authority's Variable Debt Capacity

Staff anticipates the need for variable debt capacity requirements of \$225 million through FY 2020, which includes consideration of:

- Interim funding of the Parking Plaza prior to the 2017 Bond issuance
- Interim funding of the FIS Development prior to a Bond issuance (2017 or 2018 depending upon market conditions)
- Potential interim funding of FY18-FY22 Capital Plan
- Continuing amortization of \$16.8 million AMT and \$15.7 million Taxable Revolving Obligations

# Request for Proposal Results

The Authority timed the RFP to coincide with the Underwriter RFP and received a strong response:

- 6 respondents proposed direct pay letters of credit to support a new Commercial Paper Program with terms of 2 to 5 years
- 2 respondents proposed revolving lines of credit with terms of 3 years
- 1 respondents proposed direct purchase revolving drawdown bonds with a 3 year term
- 3 respondents proposed fixed and Variable rate loans (each for approximately \$32.5 million to refund the outstanding AMT and taxable Commercial Paper notes)



# Request for Proposal Results

The highest ranked proposal was from US Bank for a revolving line of credit for up to \$125 million with the following terms:

- \$125 million capacity; 3 year term (unchanged from existing agreement)
- Tax Exempt pricing: 75% of one-month LIBOR + 42 bps (unchanged)
- Taxable pricing: One-month LIBOR + 60 bps (unchanged)
- Unutilized Pricing: 30 bps (decrease of 7 bps)

The second highest ranked proposer was from RBC Capital Markets (RBCCM) for Revolving draw down bond program (RDB) for up to \$100 million with the following terms:

- \$100 million capacity; 3 year term
- Non-AMT pricing: SIFMA\* + 57 bps
- AMT pricing: SIFMA + 64 bps
- Unutilized Pricing: 22.5 bps

\* a 7-day high-grade market index comprised of tax-exempt Variable Rate Demand Obligations

# Revolving Drawdown Bond (RDB)

RBCCM's version of a tax-exempt revolving line of credit

- \$100 million Contractual commitment to provide the Airport with funds upon request
- Revolving credit agreement is in the form of a committed loan whereas RDB is a commitment to purchase tax-exempt bonds at a set interest rate (variable index + spread)
- RBCCM would purchase the bonds from the Authority and then sell the bonds to its affiliate, RBC Municipal Products (RBCMP)

# Program Documents

Final terms have been agreed with US Bank and RBCCM. Documents required to implement Revolving Credit Variable Rate Program:

Amendment to the Revolving Credit Agreement with US Bank amending pricing terms and extending agreement for three years

Draft Bond Purchase Agreement with RBCCM

- Sets Forth the obligation of RBCCM to purchase the bonds under the RDB program

# Program Documents (cont.)

## Draft Bondholder Agreement with RBCMP

- Sets forth the key terms including the \$100M commitment and 3 year term and the Authority's payment obligations, covenants and warranties

## Draft Fourth supplemental subordinate indenture

- Financing document that will set forth the general terms of the bonds including the pricing and security pledge

# Recommendation and Requested Actions

Staff recommends that the Committee forward the following recommendations to the Board for approval:

- Adopt Resolution No. 2017-XXXX:

## 1. Revolving Credit Variable Rate Program

The incurrence of Subordinate Obligations in the form of the revolving line of credit from US Bank in an aggregate principal amount not to exceed \$125,000,000 outstanding at any one time and a Flexible Drawdown Bond program from RBC Capital Markets in an aggregate principal amount not to exceed \$100,000,000 to provide an interim funding source for future capital projects

## 2. Extension of and Amendment to the US Bank Revolving Line of Credit

Authorization for the President/CEO to execute an Amendment to the existing Revolving Credit Agreement with US Bank to reflect the agreed terms and extend the credit commitment for 3 years

# Recommendation and Requested Actions

## 3. Bond Purchase Agreement with RBCCM, Bondholder's Agreement with RBCCM and Fourth Supplemental Subordinate Indenture with Subordinate Trustee

Authorization for the President/CEO to execute these agreements with RBCCM, RBCCM and Subordinate Trustee reflecting the agreed terms

4. Additional authorization is granted for the President/CEO to (a) negotiate and execute an extension to the US Bank Revolver for up to three years with the same or advantageous financial terms and provisions, and (b) negotiate and execute and extension to the RBC RDB program for up to three years with the same or advantageous financial terms and provisions

# Questions



**EXECUTIVE COMMITTEE**

Meeting Date: **MARCH 27, 2017**

**Subject:**

**Pre-Approval of Travel Requests and Approval of Business and Travel Expense Reimbursement Requests for Board Members, the President/CEO, the Chief Auditor and General Counsel**

**Recommendation:**

Pre-approve Travel Requests and approve Business and Travel Expense Reimbursement Requests.

**Background/Justification:**

Authority Policies 3.30 (2)(b) and (4)(b) require that business expenses reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

Authority Policy 3.40 (2)(b) and (3)(b) require that travel expense reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

The attached reports are being presented to comply with the requirements of Policies 3.30 and 3.40.

**Fiscal Impact:**

Funds for Business and Travel expenses are included in the FY 2016-2017 Budget.

**Environmental Review:**

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



**Application of Inclusionary Policies:**

Not applicable

**Prepared by:**

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

# **TRAVEL REQUEST**

**MARK BURCHYETT**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
OUT-OF-TOWN TRAVEL REQUEST**

**GENERAL INSTRUCTIONS:**

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

**1. TRAVELER:**

Travelers Name: Mark Burchyett Dept: Chief Auditor  
 Position:  Board Member  President/CEO  Gen. Counsel  Chief Auditor  
 All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 2/27/17 PLANNED DATE OF DEPARTURE/RETURN: 6/24/17 / 7/1/17

**3. DESTINATIONS/PURPOSE** (Provide detailed explanation as to the purpose of the trip-- continue on extra sheets of paper as necessary):

Destination: Boston MA Purpose: Attend the Association of Airport Internal Auditor Conf.  
 Explanation: e

**4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES**

**A. TRANSPORTATION COSTS:**

• AIRFARE	\$	<u>425</u>
• OTHER TRANSPORTATION (Taxi, Train, Car Rental)	\$	
B. LODGING	\$	<u>900</u>
C. MEALS	\$	<u>500</u>
D. SEMINAR AND CONFERENCE FEES	\$	<u>500</u>
E. ENTERTAINMENT (If applicable)	\$	
F. OTHER INCIDENTAL EXPENSES	\$	
<b>TOTAL PROJECTED TRAVEL EXPENSE</b>	\$	<u>2,325</u>

**CERTIFICATION BY TRAVELER** By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature: [Signature] Date: 2/27/17

**CERTIFICATION BY ADMINISTRATOR** (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

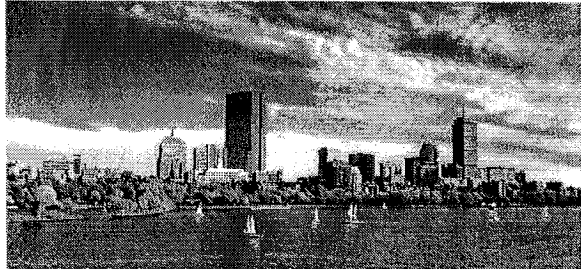
By my signature below, I certify the following:

1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE**

I, \_\_\_\_\_, hereby certify that this document was approved  
 (Please leave blank. Whoever clerk's the meeting will insert their name and title.)  
 by the Executive Committee at its \_\_\_\_\_ meeting.  
 (Leave blank and we will insert the meeting date.)



## AAIA 28th Annual Conference

Join us at our 28th annual conference in Boston, MA next year!!

Date: June 25th – 28th, 2017.

Hotel: The Boston Park Plaza –

[www.bostonparkplaza.com](http://www.bostonparkplaza.com)

### WHY ATTEND?

#### LEARN FROM THE EXPERTS

Sessions are led by industry experts and peers with expertise in the presentation subjects – people that you don't just run into every day. Their goal is to share their experiences and focus on the topics that are pertinent to you. Gain insights and inspiration to help you do your job better.

#### CUSTOMIZED EDUCATION

There are concurrent sessions categorized by track, allowing you to choose the ones that are most important for you.

#### BRING NEW ENERGY TO YOUR WORK

Gain exposure to new ways of thinking by exchanging ideas and building relationships with people who have faced similar challenges on the job. Find out how issues were resolved and become inspired to try new approaches during our Group Share sessions.

**PROFESSIONAL DEVELOPMENT**

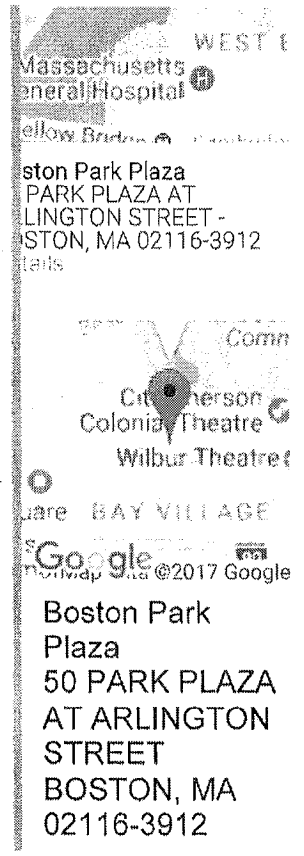
Accreditation and training is a way to separate you from the crowd. This conference qualifies for up to 18 hours of continuing professional education (CPE), with an optional 3 additional hours available during the extended session. Break times and meals are excellent opportunities to network with your fellow auditors in a casual atmosphere.

**HAVE SOME FUN, TOO!**

This conference is not just for feeding your brain. Special events give you the chance to network, relax, and enjoy your surroundings in a great location. Stay tuned for more information!

**MORE ABOUT BOSTON**

For visitors information and things to do in Boston, Please visit <https://www.bostonusa.com/aaia2017/>



Upcoming Conference

Forum

- Come join us at our 28th annual conference in Boston, MA ~~next year~~ - June 25th - 28th, 2017. Stay tuned for more information!

VIEW EVENTS

*Registration form and conference schedule have not been published yet.*

Have your questions answered and share new industry developments and best practices with the largest group of airport internal auditors, in this unique online discussion.

FORUMS

### Membership Benefits

AAIA's private membership directory for networking. An exclusive database of airport audit programs and reports. Forum subscription to access advice, best practices and other industry information.



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# **TRAVEL EXPENSE**



**APRIL BOLING**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**

**TRAVEL EXPENSE REPORT - Board Members**

*(To be completed within 30 days from travel return date)*

Board member name: April Boling      Departure Date: 2/26/2017      Return Date: 2/28/2017      Report Due: 3/30/17  
 Destination: Dallas, Texas - 2017 Public-Private- Partnership (P3) Conference

Please refer to the Authority Travel and Lodging Expense Reimbursement Policy, Article 3, Part 3.4, Section 3.40, outlining appropriate reimbursable expenses and approvals. Please attach all required supporting documentation. All receipts must be detailed, (credit card receipts do not provide sufficient detail). Any special items should be explained in the space provided below.

<sup>5</sup> Business Expense Reimbursement Policy 3.30

<sup>4</sup> Travel and Lodging Expense Reimbursement Policy 3.40

	Authority Expenses (Prepaid by Athty)	Board Member Expenses							TOTALS	
		SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY		
		2/26/17	2/27/17	2/28/17						
<b>Daily PerDiem Limitations:</b>										
**GSA Daily Hotel Rate or Conference Hotel Rate		179.00	179.00							
**GSA Daily Meals, Entertainment & Incidentals (ME&I)		64.00	64.00	64.00						
Air Fare, Railroad, Bus (attach copy of itinerary w/charges)		339.68								339.68
Conference Fees (provide copy of flyer/registration expenses)	495.00									0.00
Rental Car										0.00
Gas and Oil										0.00
Garage/Parking										0.00
Mileage - attach mileage form										0.00
Taxi/Shuttle Fare (include tips pd.) To/From meetings, airport, etc.		30.00		30.00						60.00
Hotel - Actual Expense Paid - <u>Excluding Taxes</u>		179.00	179.00							
<b>Allowable Hotel</b> (Lessor of Actual or GSA Allowance)		179.00	179.00	0.00	0.00	0.00	0.00	0.00		358.00
Hotel Taxes Paid		27.31	27.31							54.62
Telephone, Internet and Fax										0.00
Laundry										0.00
<b>Meals, Entertainment &amp; Incidentals (M,E&amp;I):</b>										
Meals (include tips pd.)	Breakfast									
	Lunch			19.24						
	Dinner		24.15							
	Other Meals									
Entertainment (Hospitality)										
Tips Paid to Maids, Bellhops and other hotel servers										
Taxi/Shuttle Fare (include tips pd.) To/From meal destinations										
<b>Total Meals, Entertainment &amp; Incidentals</b>		24.15	19.24	0.00	0.00	0.00	0.00	0.00		
<b>GSA Allowance for M,E&amp;I (from above)</b>		64.00	64.00	64.00	0.00	0.00	0.00	0.00		
<b>Allowable M,E&amp;I</b> (Lessor of Actual or GSA Allowance)		24.15	19.24	0.00	0.00	0.00	0.00	0.00		43.39
<i>Alcohol is a non-reimbursable expense</i>										0.00
Miscellaneous:										0.00
										0.00
										0.00
<b>Total Expenses</b>	495.00	600.14	225.55	30.00	0.00	0.00	0.00	0.00	0.00	855.69

Add any additional details as needed for explanation (attach add'l sheet if needed):

<b>Grand Trip Total</b>	1,350.69
Less Cash Advance (attach copy of Authority ck)	
Less Expenses Prepaid by Authority	495.00
<b>Due Traveler</b> - if positive amount, prepare check request	
<b>Due Authority</b> - if negative, attach check payable to SDCRAA	<b>855.69</b>

*Note: Send this report to Accounting even if the amount is \$0.*

I as traveler or administrator acknowledge that I have read, understand and agree to Authority policies 3.40 - Travel and Lodging Expense Reimbursement Policy<sup>4</sup> and 3.30 - Business Expense Reimbursement Policy<sup>5</sup> and that any purchases/claims that are not allowed will be my responsibility. I further certify that this report of travel expenses were incurred in connection with official Authority business and is true and correct.

Prepared By: Linda Gehlken  
 Traveler Signature:   
 Administrator's signature: \_\_\_\_\_

Ext.: x2557  
 Date: 3/10/17  
 Date: \_\_\_\_\_

**AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE (To be completed by Clerk)**

I, \_\_\_\_\_ hereby certify that this document was approved by the Executive Committee at it's meeting on \_\_\_\_\_  
 Clerk Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**OUT-OF-TOWN TRAVEL REQUEST**

**GENERAL INSTRUCTIONS:**

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

1. TRAVELER: C. APRIL  
Travelers Name: April C. Boling Dept: 2

Position:  Board Member     President/CEO     Gen. Counsel     Chief Auditor

All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 12/2/16 PLANNED DATE OF DEPARTURE/RETURN: 2/26/17 / 3/1/17

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip— continue on extra sheets of paper as necessary):

Destination: Dallas, TX.

Purpose: Attend 2017 Public-Private Partnership (P3) Conference

Explanation: \_\_\_\_\_

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:

• AIRFARE	\$ 350.00
• OTHER TRANSPORTATION (Taxi, Train, Car Rental)	\$ 125.00
B. LODGING	\$ 550.00
C. MEALS	\$ 200.00
D. SEMINAR AND CONFERENCE FEES	\$ 495.00
E. ENTERTAINMENT (If applicable)	\$
F. OTHER INCIDENTAL EXPENSES	\$ 50.00
<b>TOTAL PROJECTED TRAVEL EXPENSE</b>	<b>\$ 1,770.00</b>

**CERTIFICATION BY TRAVELER** By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature:  Date: 12/2/16

**CERTIFICATION BY ADMINISTRATOR** (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE**

I, Tony R. Russell, Authority Clerk, hereby certify that this document was approved  
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)  
by the Executive Committee at its 12/5/16 meeting.  
(Leave blank and we will insert the meeting date.)



Invoice #255295

Invoice From:  
**P3C MEDIA LLC**  
45-4798848  
607 Rockefeller  
Irvine, CA 92612

Invoice Date:  
Dec 2, 2016

Invoice To:  
**Billed Contact: Linda Gehlken** (P-card)  
Company: San Diego County Regional Airport Authority  
Address: P.O. Box 82776  
City: San Diego  
Country: United States  
State: CA  
Zip Code: 92138  
Registration for 2017 P3 Conference - C. A. Boling

Paid

Ticket	Name	Price	Subtotal
Advance Registration - Government/Public Agency/University	C. April Boling	US\$495	US\$495
			<b>Total: 495</b>

Payment Date: Dec 2, 2016

Paid Via Visa - [REDACTED]

This invoice was issued by P3C Media LLC using the Bizzabo platform. Bizzabo is not the seller of the good or services specified on the invoice and does not assume any responsibility for any information contained herein. Your payment of the amounts set forth in this invoice are remitted to the P3C Media LLC. The P3C Media LLC alone remains responsible for the delivery of the goods or service. Bizzabo assumes no responsibility relating to the event, the goods, the services, this invoice or to any act or omission on the part of the P3C Media LLC



489357

P3C 2017

Advance Registration - Government/Public  
Agency/University

US\$495



February 27, 2017 08:00AM - March 1, 2017 03:00PM



Dallas Downtown Sheraton Hotel & Conference Center



400 North Olive Street, Dallas, TX 75201, United States

C. April Boling

[EVENT DETAILS](#)[GET INVOLVED](#)[REGISTER](#)  
(<http://thep3conference.com/registratic>)

## Program Details

### P3C 2017 Preview



With keynotes, case studies, panels, workshops, and diverse networking opportunities, attendees will deepen their understanding on the value proposition of P3s, and the role they can play in the delivery of essential public infrastructure.

The program is designed to help you explore alternative delivery methods, plan and procure successful P3 initiatives, discover industry best practices in selecting and negotiating with prospective partners, and steps to take to ensure project success.

Over 100 leading practitioners will present their firsthand observations of P3 projects of all sizes in different markets from around the country. We will also offer multiple days of in-depth roundtable discussions for audience members interested in discussing specific issues in a more candid and interactive forum. Facilitated by some of our industry's leading experts, participants will be able to ask questions and share experiences on specific case studies, targeted issues, and topics shaping the P3 landscape while meeting other project owners confronting similar challenges.

Attendees with little experience in the development and operation of the P3 model will benefit from our industry experts presenting their knowledge, and valuable insights into market trends crucial for business decisions.

More seasoned professionals will benefit from our incredible networking opportunities, cultivate relationships with project owners, and learn new methods to address complex project delivery goals.

We will offer multiple daily breaks, receptions, one-on-one meeting areas, and specific events designed for you to meet P3 professionals, project owners, and a chance to reconnect with old colleagues.

With over 1,200 participating delegates, attendees find P3C to be one of the most effective places on their event schedule to cultivate relationships and network with the industry's most active and influential professionals.

### What's on the Agenda?

P3C provides attendees the opportunity to learn, discuss and share evolving concepts and state-of-the-art techniques (political strategies, financing details, etc.) in P3s.

A comprehensive list of best practices and lessons learned will be presented in the agenda including:

#### Pre-award discussion elements:

- Defining project requirements and identifying appropriate project delivery models
- Political considerations for developing and implementing P3 projects
- The need for public champions, and how to get the right decision makers on board
- Best practice overviews in P3 procurement
- How to score, select, and negotiate with prospective partners
- Identifying the merits and risks of P3 structures
- Perceived obstacles to P3s
- P3 options for small communities seeking partnerships

**Teamwork and collaboration discussion elements:**

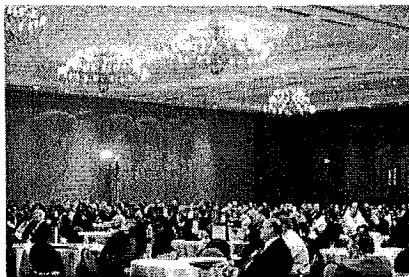
- The importance of early engagement with private partners
- Integration tools and techniques that enhance collaboration
- Owner roles/responsibilities in executing a P3
- Risk balance and expectation management in P3s
- What impact P3s have on rating and debt capacity
- Assessing the feasibility of P3 projects

**Advanced discussion elements:**

- Risk identification, mitigation, and tradeoff strategies
- Asset monetization of non-core infrastructure assets using P3s
- Innovative financing solutions and value proposition for P3
- Contract administration
- Value creation from transferring operations and maintenance
- Latest innovations and life-cycle efficiencies in P3 delivery
- The influence of design within the P3 process

The program also offers entry level informational sessions for newcomers to P3s, and strategy sessions meant specifically for smaller P3 projects (main street, schools, civic projects, etc.).

Please visit our [schedule-at-a-glance page \(http://thep3conference.com/2017\\_agenda/?preview=true\)](http://thep3conference.com/2017_agenda/?preview=true) for complete conference times.

**2017 Discussion Topics:****A Year in Perspective – What to Watch**

A review of the most notable developments that shaped the P3 landscape in the past year, and a discussion addressing some of the major political, policy, and project developments that will define the U.S. P3 experience in 2017.

**P3 and the New Administration**

An overview of the Infrastructure investment policy framework under the Trump Administration, and what this might realistically mean for P3.

**Public Agency P3 Preparedness Panel**

A lively discussion by public agency officials on how to successfully plan, procure, and negotiate a successful P3 initiative.

**Screening for Success: Projects and Methods Public Agencies Use to Evaluate P3 Delivery**

The concept of a P3 is now commonplace among public officials, but why do P3 transactions still fail to launch or terminate during procurement? One solution is to develop a robust screening process. Through an interactive panel format, hear international best practices as well as U.S. methodologies for implementing screening tools, the lessons learned, and ways you can apply project screening to your next capital improvement plan process.

**Community Engagement is Not an Afterthought: The Denver Story**

Join representatives from the City and Country of Denver as they explore the successes and opportunities brought to their community through successful P3 programs.

**Long Beach Civic Center Case Study**

The \$520 million design-build-finance-operate-maintain civic center project will replace the City of Long Beach's old city hall and provide new offices for the Port of Long Beach, a new city library and a retail marketplace and public park that will serve residents and visitors of Long Beach for years to come.

**The Cultural Shift: Changing a Public Agency's Mindset from "Comfort in Past Experience" to "Eagerness for a New Challenge"**

Many public agencies are interested in pursuing P3s, but they face internal and political obstacles. Hear from a panel of public agency representatives who changed their agency's culture and mindset to open new doors and opportunities.

**Could Deferred Maintenance Lead to the Next Pension Crisis?**

When government entities defer maintenance to cut costs, they mostly do so without understanding the additional burden they are placing on their capital budget in the future. While politically and fiscally expedient in the near-term, deferring maintenance creates long-term structural inefficiencies that are creating a drag on the economy. This session will be a discussion about measuring: (1) the true cost of deferring maintenance; and (2) the benefits P3s can provide to the wider economy.

### **UC Merced 2020 Project – A Path Breaking Social Infrastructure P3 Project**

In this panel discussion, university representatives and private sector experts will discuss key features of this innovative P3, including why the delivery model best meets the University's goals for the project; the bundling of revenue and non-revenue generating facilities into a single project; how political risks and stakeholder engagement was managed; the innovative financing structure; risk allocation and mitigation strategies; and key features of the procurement process.

### **P3 Projects Under \$100 Million: How to Structure a P3 to Create Genuine Value**

While large scale P3 projects capture headlines, many social infrastructure opportunities fall into the \$30 million - \$100 million range. Attendees will be introduced to a variety of components that lead to cost savings on smaller scale P3 projects, and illustrate how smaller scale P3s can be built on-time, on or under budget and with a lower cost structure than if delivered through a conventional public delivery process.

### **P3 & The Road Ahead for Commercial Developers: The Intersection of Opportunity and Challenge**

P3 is moving into new territory in the U.S. and proving it can enhance the opportunities for commercial development. One tool being used is a Hybrid P3 that involves a surprising group of partners and unique finance and delivery structures. This panel discusses how the hybrid model can help integrate commercial developments into or alongside P3 projects supporting civic interests, including arenas, hospitals, fine arts centers, water treatment facilities, student housing and other public facilities.

### **Payment and Performance Guarantee – P3s for American Infrastructure**

Risk, performance security, and completion guarantees take many forms in the procurement of American Infrastructure. Learn about best practices from industry experts, ensuring greatest taxpayer value, responsible asset management and public investment protection.

### **P3 Risk Transfer: Myth or Reality**

The transfer of risk is an important element of a P3, but how much is truly understood about those risks that should be transferred and what should be retained by the owner – and why?

### **Opportunities For Investment In Airport Infrastructure**

The panel will discuss the various opportunities for investment in airport infrastructure, from full privatization to terminal redevelopment through long-term leases to private airport operators that can be done outside of the FAA program.

### **P3 Fact Check – For Big Infrastructure Projects, is Government Debt Really Cheaper?**

Performance based P3s have been completed on time and in most cases ahead of schedule with no cost overruns. This is because P3s are about incentives. Through an interactive panel format attendees will explore the cost of capital conversation based on three delivery approaches while using actual financing examples, risk transfer and long-term operations and maintenance as discussion points.

### **Rapid Growth is on its Way: The Direction of the US P3 Market Across Sectors and the Country**

An overview of the P3 market including discussion on new sectors, new regions, the key drivers of market growth, and its future direction.

### **P3s and Rural America: Where P3 can Work and Where it Shouldn't**

P3s bring value and benefits for the right project. The key to successful procurement is knowing when the model works and when it doesn't. Best practices for P3 include understanding the model, identifying appropriate risks, and ensuring that the public needs are met in a compelling manner.

### **Diversity & Inclusion Programs for P3 Projects**

Join a dynamic discussion to address the successes and challenges to diversity and inclusion programs on P3 projects.

### **The Growth of the P4 Market**

Through an interactive panel format, attendees will hear from federal and non-federal government agencies about what is driving P3s across multiple sectors, new market entrants, and opportunities such as those related to water resources, resiliency, etc.

### **Structuring P3s for University Infrastructure Projects**

A panel of higher education experts discussing the process to successfully execute a P3 for campus infrastructure projects, and the importance of creating an atmosphere of cooperation and teamwork throughout the negotiation process.



### Debt, Equity and Everything In Between

This session will explore the various P3 models that have been successful in higher education, particularly with student housing, comparing the various tax-exempt and taxable debt models, equity options and government programs. We will also discuss how P3 financing models impacts a university's credit profile and balance sheet.

### Leveraging P3s for Institutional Transformation and Maximum Community Impact

Higher Education establishments worldwide are re-thinking their business models, investigating how to improve community impact and developing innovative P3s to accelerate these transformations. Attendees will learn how Universities are leveraging design thinking to integrate state, city, industry, community, transit, financial, real estate and other partners for increased social and economic outcomes.

### Delivering Strategic Solutions for Municipal Water Challenges Under P3s

Let's navigate through the benefits afforded by the different P3 models and discuss the key components of successful water P3s currently underway across the nation.

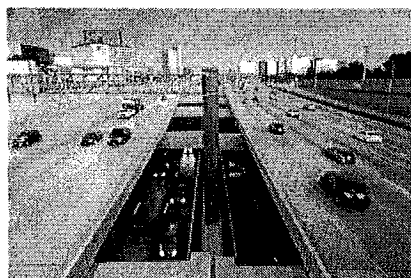
### Overcoming Barriers to Advance P3s for Water Infrastructure

This session will demystify P3s and address the barriers that can deter communities from pursuing a P3 as a potential solution to their water challenges. A panel comprised of both private and public sector representatives will share their respective experiences in overcoming public resistance to private participation in water projects.

### Creating and Adapting P3s in the Water Sector

Case studies by two owners with water P3 projects will form the backdrop of a lively discussion that will develop the water Sector P3 "Road Map" for owners.

### P3 Hits the Highway Tour – Dallas's LBJ Express



Experience firsthand one of the largest public-private partnership (P3) transportation projects in Texas!

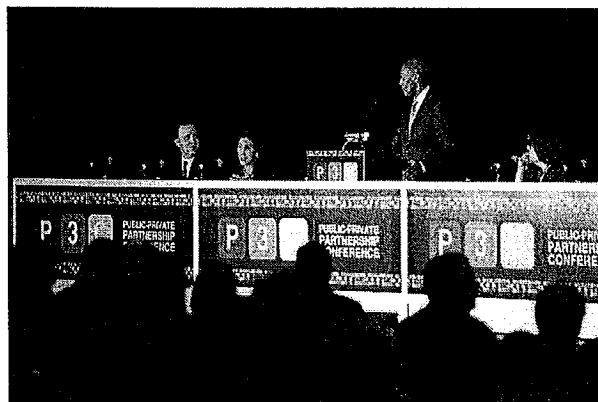
The LBJ Express project team will host a limited number of P3 Conference attendees for a free, two-hour bus tour of the \$2.7 billion highway reconstruction project along Interstates 635 and 35E and Loop 12, which was completed in September 2015.

Tour participants will get an up-close look at the roadway, including the innovative managed lanes (known as TExpress Lanes), which utilize real-time data to adjust toll rates to reduce congestion. The tour will also include a stop at the LBJ Express operations center for a look at the technology behind the 13-mile P3 project.

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### 2016 Conference Summary



**Agenda** (download ([http://thep3conference.com/wp-content/uploads/2016/02/P3C-2016-Program-book\\_Final-2-23-16.pdf](http://thep3conference.com/wp-content/uploads/2016/02/P3C-2016-Program-book_Final-2-23-16.pdf)))

The conference discussed the state of the US P3 industry, and highlighted the various types of P3s underway. Specifically, presenters from leading public agencies and industry practitioners examined the many elements of P3 structures currently in use and how to evaluate their respective merits and risks.

The conference also examined how public agencies are determining the optimal delivery model for public projects, and what they're thinking when considering a P3 opportunity. Panelist shared insights on what's needed to demonstrate the "business case" to take forward a project in today's market as well as what's stopping governments from launching P3s.

Finally, the agenda discussed the best practices and lessons learned from a variety of projects that have been accelerated under the P3 model, illustrated the latest innovations and life-cycle efficiencies in P3 delivery, and examined what our capital markets are expecting from P3s.

In total, 40 in-depth sessions were covered over the three day event.

**Keynote Speakers**

**Honorable John Hickenlooper, Governor, State of Colorado**  
 Hear from Governor Hickenlooper on how Colorado plans to leverage public-private partnership investments for strategic projects across the state and how public-private partnerships will keep Colorado's economy growing.



**Deborah Flint, Executive Director of Los Angeles World Airports**  
 With oversight over three airports, Flint is responsible for managing the largest public works project in the history of the City of Los Angeles. More than \$8.5-billion for capital improvement expenditures at LAX are being used to improve passenger safety, and security, while enhancing the overall guest experience.



**Dale Bonner, Executive Chairman, Plenary Concessions 2016: A Year in Perspective – What to Watch**

As part of the opening session, the Executive Chairman of one of North America's leading P3 investors will provide a review of the most notable developments that shaped the P3 landscape in the past year, and address some of the major political, policy, and project developments that will define the U.S. P3 experience in 2016.



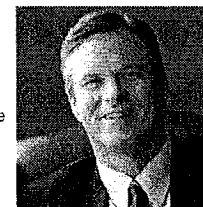
**Honorable Michael Hancock, Mayor, City & County of Denver**  
**What Big City Mayors Think When Looking For P3 Opportunities**

Denver Mayor Michael B. Hancock will share thoughts and insights on what a big city mayor thinks when looking for P3 opportunities and what successful partnerships look like from his perspective. In this opening session of the 2016 conference, Mayor Hancock will also share his development plans for the city of Denver and discuss how public-private partnerships can play an important and larger role in getting cities moving.



**Harvey Hilderbran, Executive Director, Texas Facilities Commission**  
**Ramping Up Texas' P3 Market**

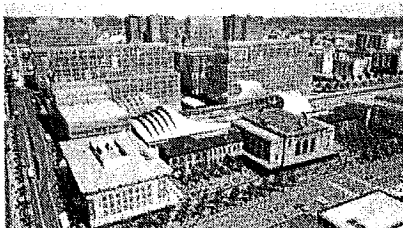
Harvey Hilderbran manages the daily activities of Texas Facilities Commission, and the newly opened Center for Alternative Finance and Procurement. Mr. Hilderbran will provide an overview of the political context of the new center and offer his seasoned insights of the Texas P3 landscape.



**Featured Plenary Session Panel Discussions**

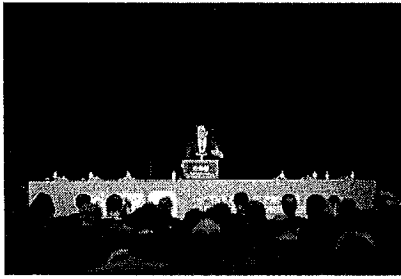
**Innovations in P3 Delivery – Best Practice Solutions for Infrastructure Needs**  
 (<http://thep3conference.com/session-5/>)

As the public-private partnership model develops in the United States, there are opportunities to refine and create further solutions which showcase innovation and best practices. Join a panel of industry experts as they discuss innovated ideas and positive results of the public-private partnership model.



**What's Stopping Public Officials From Launching P3s**  
 (<http://thep3conference.com/session-12/>)

The public-private partnership approach is highly complex and easily misunderstood. This discussion focuses on how we can bridge the knowledge gap between public and private sector officials, and the concerns and misconceptions that are keeping public sector officials from pursuing more projects through the alternative delivery method.



**Operations & Maintenance – Transforming Public Infrastructure** (<http://thep3conference.com/session-18/>)

Operations and maintenance is the glue that binds partners over the long-term relationship of a public-private partnership. Join a panel of experts as they share their insights on innovation and life-cycle efficiencies when operations and maintenance is brought to the table.



**Attracting the Right Partner: Procuring P3s** (<http://thep3conference.com/session-19/>)

Being able to engage the right partner starts with a well-prepared, commercially sustainable project. This session begins with a discussion about what is needed to demonstrate the "business case" to take forward a project as a P3.



**Other Featured Sessions** ([download \(http://thep3conference.com/wp-content/uploads/2016/02/P3C-2016-Program-book\\_Final-2-23-16.pdf\)](http://thep3conference.com/wp-content/uploads/2016/02/P3C-2016-Program-book_Final-2-23-16.pdf))

<a href="http://thep3conference.com/session-6/">The State of the U.S. P3 Market</a> ( <a href="http://thep3conference.com/session-6/">http://thep3conference.com/session-6/</a> )	<a href="http://thep3conference.com/session-3/">How We Are Making P3s Work For Us</a> ( <a href="http://thep3conference.com/session-3/">http://thep3conference.com/session-3/</a> )	<a href="http://thep3conference.com/session-29/">Master Development P3's: A View to the Future</a> ( <a href="http://thep3conference.com/session-29/">http://thep3conference.com/session-29/</a> )
<a href="http://thep3conference.com/session-4/">A Template for Instilling Confidence in the Procurement Process</a> ( <a href="http://thep3conference.com/session-4/">http://thep3conference.com/session-4/</a> )	<a href="http://thep3conference.com/session-16/">Soup to Nuts: Delivering a P3</a> ( <a href="http://thep3conference.com/session-16/">http://thep3conference.com/session-16/</a> )	<a href="http://thep3conference.com/session-15/">Social Infrastructure and Innovative P3s</a> ( <a href="http://thep3conference.com/session-15/">http://thep3conference.com/session-15/</a> )
<a href="http://thep3conference.com/session-23/">Higher Education in Focus: Is P3 the path to long-term viability?</a> ( <a href="http://thep3conference.com/session-23/">http://thep3conference.com/session-23/</a> )	<a href="http://thep3conference.com/session-9/">Influence of Design within the P3 Pursuit</a> ( <a href="http://thep3conference.com/session-9/">http://thep3conference.com/session-9/</a> )	<a href="http://thep3conference.com/session-14/">To P3 or Not to P3: Identifying the Appropriate Project Delivery Model</a> ( <a href="http://thep3conference.com/session-14/">http://thep3conference.com/session-14/</a> )
<a href="http://thep3conference.com/session-37/">Kentucky Closes Deal on Biggest P3 for Open-Access Statewide Fiber Access</a> ( <a href="http://thep3conference.com/session-37/">http://thep3conference.com/session-37/</a> )	<a href="http://thep3conference.com/session-8/">P3 Risk Balance and Expectation Management</a> ( <a href="http://thep3conference.com/session-8/">http://thep3conference.com/session-8/</a> )	<a href="http://thep3conference.com/session-31/">The Value Of Collaborative Partnerships In Higher Education</a> ( <a href="http://thep3conference.com/session-31/">http://thep3conference.com/session-31/</a> )
<a href="http://thep3conference.com/session-13/">The Time to Enact Comprehensive P3 Legislation is Now</a> ( <a href="http://thep3conference.com/session-13/">http://thep3conference.com/session-13/</a> )	<a href="http://thep3conference.com/session-11/">The Pennsylvania Rapid Bridge Replacement Project</a> ( <a href="http://thep3conference.com/session-11/">http://thep3conference.com/session-11/</a> )	<a href="http://thep3conference.com/session-7/">P3: The American Model</a> ( <a href="http://thep3conference.com/session-7/">http://thep3conference.com/session-7/</a> )
<a href="http://thep3conference.com/session-30/">Winning P3 Formulas for Water Infrastructure Projects</a> ( <a href="http://thep3conference.com/session-30/">http://thep3conference.com/session-30/</a> )	<a href="http://thep3conference.com/session-17/">Making the Partnership Work: Implementing P3s</a> ( <a href="http://thep3conference.com/session-17/">http://thep3conference.com/session-17/</a> )	<a href="http://thep3conference.com/session-40/">One Year Later: An Introspective Look into the University System of Georgia Student Housing P3</a> ( <a href="http://thep3conference.com/session-40/">http://thep3conference.com/session-40/</a> )

<a href="http://thep3conference.com/session-32/">Getting Convention Hotel Deals Done – Pitfalls, Advice, and Lessons Learned (http://thep3conference.com/session-32/)</a>	<a href="http://thep3conference.com/session-20/">What are Infrastructure Exchanges and What Role Do They Play in the P3 Market (http://thep3conference.com/session-20/)</a>	<a href="http://thep3conference.com/session-21/">Strategies &amp; Success: (http://thep3conference.com/session-21/) P3 Champions of Hotels (http://thep3conference.com/session-21/)</a>
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<a href="http://thep3conference.com/session-33/">Creating the “Glue” to Make Sports-Entertainment-Restaurant Districts Stick (http://thep3conference.com/session-33/)</a>	<a href="http://thep3conference.com/session-36/">Gaining and Maintaining Community Support for your P3 Project (http://thep3conference.com/session-36/)</a>	<a href="http://thep3conference.com/session-43/">P3s: Why Do We Need Them – Successes &amp; Failures in P3 Public Building Projects (http://thep3conference.com/session-43/)</a>

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	<b>Equipment:</b> Boeing 737-700 Jet <b>DEPARTS SAN TERMINAL 1 - ARRIVES DAL TERMINAL 1</b> <b>FREQUENT FLYER NUMBER</b> [REDACTED] <b>Southwest Airlines Confirmation number is 5GCIGI</b>		
<b>AIR</b>	<b>Tuesday, 28FEB 2017</b>		
	<b>Southwest Airlines</b> <b>From:</b> Dallas Love Field TX, USA <b>To:</b> San Diego CA, USA <b>Stops:</b> Nonstop	<b>Flight Number:</b> 1483 <b>Depart:</b> 05:30 PM <b>Arrive:</b> 06:40 PM <b>Duration:</b> 3 hour(s) 10 minute(s) <b>Status:</b> CONFIRMED	<b>Class:</b> M-Coach/Economy  <b>Miles:</b> 1175 / 1880 KM
	<b>Equipment:</b> Boeing 737-700 Jet <b>DEPARTS DAL TERMINAL 1 - ARRIVES SAN TERMINAL 1</b> <b>FREQUENT FLYER NUMBER</b> [REDACTED] <b>Southwest Airlines Confirmation number is 5GCIGI</b>		

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Date issued: 12/12/2016  
Document Nbr: XD0698348656 Amount: 30.00  
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Each call is billable at a minimum \$25.00 per call/reservation

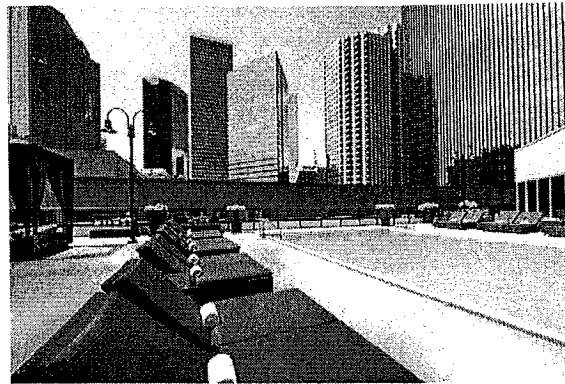
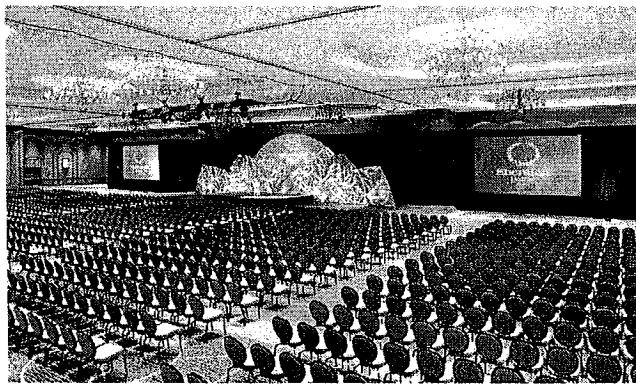
**EVENT DETAILS**

**GET INVOLVED**

**REGISTER**  
(<http://thep3conference.com/registratic>)

### Hotel and Travel Information

The Sheraton Dallas Downtown Hotel is our event headquarters. A block of rooms are being held at the hotel at a special rate of \$179. Reservations must be made by February 17, 2017 or before the block is sold out in order to guarantee this rate. Reservations made after this date can only be honored on a space and rate available basis.



To make your hotel reservations, please click here (<https://www.starwoodmeeting.com/events/start.action?id=1606237179&key=11F6B625>) or call the hotel directly at (800) 325-3535 and identify yourself as part of The Public-Private Partnership Conference (P3C).

### Transportation

The Sheraton Dallas Hotel is located at 400 North Olive Street in the downtown area of Dallas. Attendees are responsible for transportation to/from the airport and hotel.

Two major airports serve the Dallas-Fort Worth area and are convenient for staying at Sheraton Dallas:

Dallas/Ft. Worth International Airport (<http://www.dfwairport.com/>) (DFW) – 19 miles

Dallas Love Field Airport (<http://www.dallas-lovefield.com/>) – (DAL) – 5 miles

Dallas Area Rapid Transit (DART) provides service from Terminal A at DFW airport to downtown Dallas. See this link (<https://www.dart.org/riding/dfwairport.asp>) for more information about DART's DFW airport service.

DART also provides service from Dallas Love Field Airport to downtown Dallas. See this link (<https://www.dart.org/riding/lovefield.asp>) for more information about DART's Love Field airport service.

Super Shuttle provides ground transportation from DFW International and Love Field airports to the Sheraton. Make your Super Shuttle reservations here (<https://reservations.supershuttle.com/default.aspx?content=GroupReservations&GC=KPE3W>).

For more information about the Sheraton Dallas Hotel, you can contact their concierge desk at 214-922-8000

### Local Attendees/Parking Transportation

If you are traveling to the Conference from a local destination each day, the conference team recommends taking the DART (<http://dart.org/>) train to the downtown Pearl Street Station. This train stop is 1/2 block away from the Sheraton Dallas, the host hotel for the conference. You can avoid in/out parking hassles and save money by using DART.

If you are driving, there are numerous options for parking in and around the Sheraton. The Sheraton offers self park in the Sheraton garage or valet parking. The Sheraton garage entrance is located off of Olive Street, across from the main entrance to the Sheraton.

### Discover Dallas

Sheraton Dallas  
400 North Olive Street  
Dallas, TX 75201  
United States  
Tel: 214-922-8000 Fax: 214-922-0308



**Sheraton**

Catherine April Boling  
[REDACTED]  
PB18AA - P3 Conference Attendee Block

Page Number : 2  
Guest Number : [REDACTED]  
Folio ID : A  
Arrive Date : 26-FEB-17 20:12  
Depart Date : 28-FEB-17 11:17  
No. Of Guest : 2  
Room Number : 564  
Club Account : SPG - A4785

\*\*\* Balance -0.00

I agreed to pay all room & incidental charges.

Visit the Sheraton Store and take home our signature bedding, bath and more. Shop now at [www.sheraton.com/store](http://www.sheraton.com/store)

As a Starwood Preferred Guest you have earned at least 716 Starpoints for this visit A4785

Tell us about your stay. [www.sheraton.com/reviews](http://www.sheraton.com/reviews)



"Sheraton"

Sheraton Dallas  
400 North Olive Street  
Dallas, TX 75201  
United States  
Tel: 214-922-8000 Fax: 214-922-0308



Sheraton

Catherine April Boiling  
[REDACTED]  
PB18AA - P3 Conference Attendee Block

Page Number : 1  
Guest Number : [REDACTED]  
Folio ID : A  
Arrive Date : 26-FEB-17 20:12  
Depart Date : 28-FEB-17 11:17  
No. Of Guest : 2  
Room Number : 554  
Club Account : SPG - A4785

Tax invoice

Sheraton Dallas FEB-28-2017 11:17 VERLJON1

Date	Reference	Description	Charges (USD)	Credits (USD)
26-FEB-17	RT564	Room Charge	179.00	
26-FEB-17	RT564	2% Tourism PID Fee	3.58	
26-FEB-17	RT564	7% City Occupancy Tax	12.78	
26-FEB-17	RT564	6% State Occupancy Tax	10.95	
27-FEB-17	RT564	Room Charge	179.00	
27-FEB-17	RT564	2% Tourism PID Fee	3.58	
27-FEB-17	RT564	7% City Occupancy Tax	12.78	
27-FEB-17	RT564	6% State Occupancy Tax	10.95	
28-FEB-17	VI	Visa-7792		-412.62

\*\*\*For Authorization Purpose Only\*\*\*

xxxxx [REDACTED]

Date	Code	Authorized
26-FEB-17	04596D	483.3

Approve EMV Receipt for VI - 7792: no CVM  
TC:7FA58311BCCD40CB TVR:0080008000 AID:A0000000031010  
Application Label:CAPITAL ONE VISA

\*\* Total 412.62 -412.62

Continued on the next page

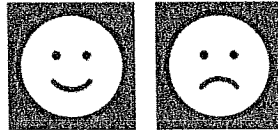
Now when you shop at sellers who use Square, your receipts will be delivered automatically.

[Not your receipt?](#)

Yellow cab



How was your experience?



**\$30.00**

Custom Amount	\$25.00
Subtotal	\$25.00
Tip	\$5.00
Total	\$30.00

Yellow cab  
469-803-7748

Visa [REDACTED] (Swipe) Feb 26 2017 at 8:08 PM

#0byU

CATHERINE BOLING Auth code: 04244D

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1455 Market Street, Suite 600, San Francisco, CA 94103

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[Manage preferences](#) for digital receipts

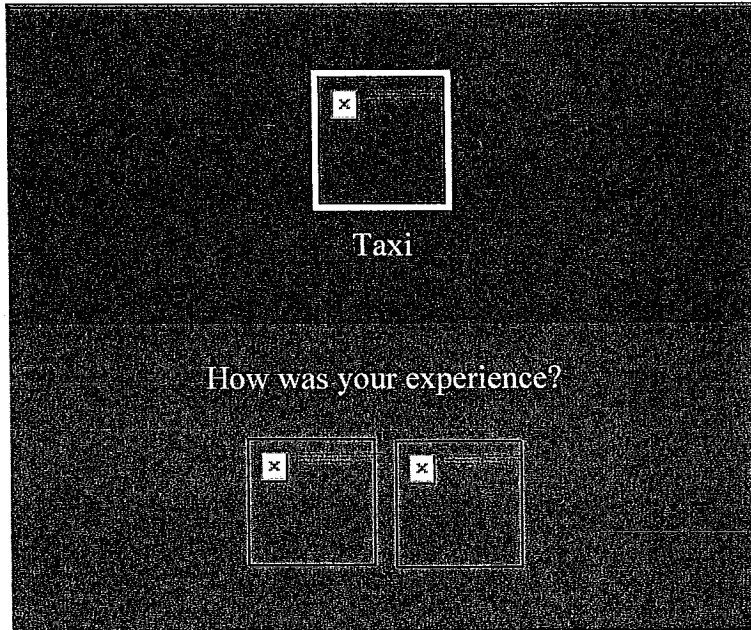


# April Boling

---

**From:** Taxi via Square <receipts@messaging.squareup.com>  
**Sent:** 02/28/2017 12:37 PM  
**To:** April Boling  
**Subject:** Receipt from Taxi

Square automatically sends receipts to the email address you used at any Square seller. [Learn more](#)



\$ 30.00

Custom Amount	\$25.00
Subtotal	\$25.00
Tip	\$5.00
Total	\$30.00

Visa (Swipe)  
VISA  
C BOLING

Feb 28  
2017 at  
2:36  
PM  
#il6G  
Auth  
code:  
06003G

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1455 Market Street, Suite 600, San Francisco, CA 94103

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[Manage preferences](#) for digital receipts



# FY 2017 Per Diem Rates for Dallas Texas

(October 2016 - September 2017)

Cities not appearing below may be located within a county for which rates are listed.

To determine what county a city is located in, visit the National Association of Counties (NACO) website (a non-federal website).

## The following rates apply for Dallas Texas

Primary Destination (1, 2)	County (3, 4)	Max lodging by Month (excluding taxes)												M&IE (5)	
		2016			2017										
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep		
Dallas	Dallas	\$135	\$135	\$135	\$146	\$146	\$146	\$146	\$146	\$146	\$135	\$135	\$135	\$135	\$64

## Footnotes

1. Traveler reimbursement is based on the location of the work activities and not the accommodations, unless lodging is not available at the work activity, then the agency may authorize the rate where lodging is obtained.
2. Unless otherwise specified, the per diem locality is defined as "all locations within, or entirely surrounded by, the corporate limits of the key city, including independent entities located within those boundaries."
3. Per diem localities with county definitions shall include "all locations within, or entirely surrounded by, the corporate limits of the key city as well as the boundaries of the listed counties, including independent entities located within the boundaries of the key city and the listed counties (unless otherwise listed separately)."
4. When a military installation or Government-related facility (whether or not specifically named) is located partially within more than one city or county boundary, the applicable per diem rate for the entire installation or facility is the higher of the rates which apply to the cities and/or counties, even though part(s) of such activities may be located outside the defined per diem locality.
5. *Meals and Incidental Expenses*, see Breakdown of M&IE Expenses for important information on first and last days of travel.

TKT Lounge  
Sheraton Dallas Downtown  
Dallas, TX

Customer Copy

Table # : 0 /0  
Server : 932070045Jose R  
Merchant ID : 001060000019957840  
Check No. : 54033  
EntryMode : SWIPE  
Card Type : VISA  
Trans Type : SALE  
Trans Time : 02/26/2017 21:58  
Trace No. : 139458  
Reference # : 407057259328  
Auth Code : 05137G

Subtotal : USD 28.15  
Tip : USD 6.00  
Total : USD 34.15

\*SIGNATURE VERIFIED\*

I agree to the terms of my  
credit agreement.

\*\*\* CUSTOMER COPY \*\*\*  
Signature

TKT Lounge  
Sheraton Dallas Downtown  
Dallas, TX

Merchant Copy

Table # : 0 /0  
Server : 932070045Jose R  
Merchant ID : 001060000019957840  
Check No. : 54033  
EntryMode : SWIPE  
Card Type : VISA  
Trans Type : SALE  
Trans Time : 02/26/2017 21:58  
Trace No. : 139458  
Reference # : 407057259328  
Auth Code : 05137G

Subtotal : USD 28.15  
Tip : USD \_\_\_\_\_  
Total : USD \_\_\_\_\_

PLEASE SIGN BELOW

\_\_\_\_\_  
I agree to the terms of my  
credit agreement.

\*\*\* MERCHANT COPY \*\*\*  
Signature

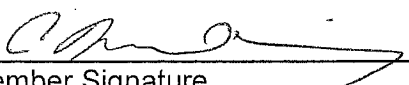
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**

**MISSING RECEIPT FORM**

Board Member/Executive Committee Member must complete form below.

Date of Purchase/Event: 2/26/17 / P3C Conference  
Description of Item/Event: Dinner  
Vendor/Event Name: TKT Lounge Sheraton Dallas Hotel  
Dollar Amount: # 24.15  
Reason for Missing Receipt: Did NOT receive itemized receipt.

I hereby certify that the original receipt in question was lost or none was issued to me.

  
Board Member Signature

3/7/17  
Date

\_\_\_\_\_  
Executive Committee Member Signature

\_\_\_\_\_  
Date



Draft  
Sheraton Dallas Downtown  
Dallas, TX

Customer Copy

Table # : 1 /4  
Server : 932070009Mark F  
Merchant ID : 001060000019957840  
Check No. : 78503  
EntryMode : SWIPE  
Card Type : VISA  
Trans Type : SALE  
Trans Time : 02/27/2017 13:16  
Trace No. : 139966  
Reference # : 407058260276  
Auth Code : 091180

Subtotal : USD 16.24

Tip : USD 3.00

Total : USD 19.24

\*SIGNATURE VERIFIED\*

I agree to the terms of my  
credit agreement.

\*\*\* CUSTOMER COPY \*\*\*  
Signature

Sheraton Dallas Hotel  
Draft  
400 N Olive Street  
Dallas, TX 75201

Contact Us: 214-922-8000  
932070009 Mark F

-----  
CHK 78503 TBL 1/4 GST 1  
2/27/2017 1:11 PM  
-----

1 Tex Mex Salad 15.00

Subtotal \$15.00

Sales Tax \$1.24

**Total Due \$16.24**

GRATUITY: \_\_\_\_\_

TOTAL: \_\_\_\_\_

ROOM # \_\_\_\_\_

PRINT NAME \_\_\_\_\_

SIGNATURE \_\_\_\_\_

Thank you for dining with us!!!

# **BUSINESS EXPENSE**

**APRIL BOLING**



ABM Parking Services

9 San Diego

Lane 7 02/22/17 16:54  
Receipt 058438

Short-term parking tkt  
OAP - No. 002579  
02/22/17 07:53  
02/22/17 16:54  
Period 0d9h2<sup>1</sup>  
(Tax) \$30.00  
Sub Total \$30.00  
Tax \$0.00  
Total \$30.00

Payment Received  
VISA \$30.00  
XXXXXXXXXXXX  
Merch:4789307557514  
Auth:09211D  
Type: Swiped

ONE AMERICA PLAZA

64394949 - 17

● IRVINE COMPANY OFFICE  
PROPERTIES

ABM PARKING SERVICES  
One America Plaza  
600 West Broadway

Lane 4 02/23/17 17:41  
Receipt 059724

Short-term parking tkt  
OAP - No. 002560  
02/23/17 08:16  
02/23/17 17:41  
Period 0d9h26<sup>1</sup>  
(Tax) \$8.00  
Sub Total \$8.00  
Tax \$0.00  
Total \$8.00

Payment Received  
VISA \$8.00  
XXXXXXXXXXXX  
Merch:4789307557514  
Auth:02284D  
Type: Swiped

ONE AMERICA PLAZA  
All Amounts in USD.

64394949 - 17

● IRVINE COMPANY OFFICE  
PROPERTIES

**ROBERT GLEASON**

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

2017

SDCRAA  
MAR 08 2017  
Corporate & Administration Governance

MONTHLY MILEAGE and PARKING FEE REIMBURSEMENT REPORT

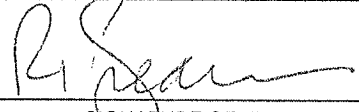
EMPLOYEE NAME			PERIOD COVERED	
ROBERT GLEASON			FEBRUARY 1 - FEBRUARY 28, 2017	
DEPARTMENT/DIVISION				
BOARD MEMBER				
Date	Miles driven	Destination and purpose of trip	Parking fees & other transportation costs paid	\$\$\$
2/22/17		One America Plaza / CEO Interviews	Parking	30.00
2/23/17		One America Plaza / CEO Interviews	Parking	8.00
SUBTOTAL				38.00

Computation of Reimbursement

REIMBURSEMENT RATE: (see below) *	Rate as of January 2017	X	-
TOTAL MILEAGE REIMBURSEMENT			0.537
PARKING FEES/TOLL CHARGES (ATTACH RECEIPTS)			-
TOTAL REIMBURSEMENT REQUESTED			38.00
			\$ 38.00

I acknowledge that I have read, understand and agree to \*Authority Policy 3.30 - Business Expense Reimbursement Policy and that any purchases/claims that are not allowed will be my responsibility. I further certify that this report of business expenses were incurred in connection with official Authority business and is true and correct.

Business Expense Reimbursement Policy 3.30



SIGNATURE OF EMPLOYEE

DEPT./DIV. HEAD APPROVAL

ABM Pa. ing Services  
*parking*  
San Diego

Lane 7 02/22/17 16:57  
Receipt 058452

Short-term parking tkt  
OAP - No. 002262  
02/22/17\* 07:46  
02/22/17 16:57  
Period 0d9h12'  
(Tax) \$30.00  
Sub Total \$30.00  
Tax \$0.00  
Total \$30.00

Payment Received  
VISA \$30.00  
XXXXXXXXXXXX  
Merch:4789307557514  
Auth:812295  
Type: Swiped

000329E9 - 1/1

ONE AMERICA PLAZA

IRVINE COMPANY OFFICE  
Since 1964 PROPERTIES

ABM PA. ING SERVICES  
One America Plaza  
600 West Broadway

*parking*  
Lane 4 02/23/17 16:32  
Receipt 059478

Short-term parking tkt  
OAP - No. 002270  
02/23/17\* 08:00  
02/23/17 16:32  
Period 0d8h33'  
(Tax) \$8.00  
Sub Total \$8.00  
Tax \$0.00  
Total \$8.00

Payment Received  
VISA \$8.00  
XXXXXXXXXXXX  
Merch:4789307557514  
Auth:813253  
Type: Swiped

0002E4A21 - 1/1

ONE AMERICA PLAZA  
All Amounts in USD.

IRVINE COMPANY OFFICE  
Since 1964 PROPERTIES



**PAUL ROBINSON**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**BUSINESS EXPENSE REIMBURSEMENT REPORT**

SDCRAA  
 MAR 21 2017  
 Corporate & Information Governance

3/31/17  
 Period Covered

DATE	G/L Account	Description	AMOUNT
3/19/17		Dinner with CEO Candidate Kimberly Becker April Poling Trudy Stambaek	Donner \$222.50 Tip 40.00
<b>TOTAL</b>			<u>\$262.50</u>

I acknowledge that I have read, understand and agree to Authority \*Policy 3.30 - Business Expense Reimbursement Policy and that any purchases that are not allowed will be my responsibility. I further certify that this report of business expenses were incurred in connection with official Authority business and is true and correct.

\* Policy 3.30

*[Signature]* 3/21/17  
 NAME Paul Robinson  
 DATE 3/21/17

APPROVED:  
 NAME  
 DATE

Eddie Vs Prime Seafood  
789 West Harbor Drive, Suite #-158  
San Diego, CA 92101  
Check # : 71052-8514

Table 223

Louie G  
09:13 PM 03/19/2017  
Transaction #: 1325534824

Gst 4

Card Number  
XXXXXXXXXXXX  
Auth Code  
24260G  
Visa

Check Amount 222.50

Tip.....

Total....

40-  
262.50  
*PER*

X

Eddie Vs Prime Seafood  
789 West Harbor Drive, Suite #-158  
San Diego, CA 92101

Check # : 71052-8514

Table 223

Louie G  
21:09:31 03/19/2017

Gst 4

Guest No.1

- 1 Heirloom Tomato Salad 15.00
- 2 Atlantic Salmon 62.00
- 2 Coffee 7.50
- 1 Jasmine Green 4.00
- 1 American Lamb Chops 46.00
- 1 Crab Cake 19.00
- 1 Hong Kong Seabass 46.00
- 1 Small Au Gratin Potatoes 7.00

Duplicate Receipt  
Stored Order

Subtotal 206.50  
Sales Tax 16.00

21:09:31 03/19/2017

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Item 7

### DRAFT BOARD AGENDA

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

San Diego International Airport  
SDCRAA Administration Building – Third Floor  
Board Room  
3225 N. Harbor Drive  
San Diego, California 92101

#### Board Members

C. April Boling  
Chairman

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

#### Ex-Officio Board Members

Laurie Berman  
Eraina Ortega  
Col. Jason Woodworth

#### President / CEO

Thella F. Bowens

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

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

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

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

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

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

**CALL TO ORDER:**

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

**PRESENTATIONS:**

**A. ART PROGRAM POLICY 8.50:**

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

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

***STANDING BOARD COMMITTEES***

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

***ADVISORY COMMITTEES***

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

***LIAISONS***

- **AIRPORT LAND USE COMPATIBILITY PLAN:**  
Liaison: Janney
- **CALTRANS:**  
Liaison: Berman
- **INTER-GOVERNMENTAL AFFAIRS:**  
Liaison: Cox

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

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

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

### **CHAIR'S REPORT:**

### **PRESIDENT/CEO'S REPORT:**

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

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

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

### **CONSENT AGENDA (Items 1-19):**

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

#### **1. APPROVAL OF MINUTES:**

The Board is requested to approve minutes of prior meetings.

**RECOMMENDATION:** Approve the minutes of the March 2, 2017 regular meeting and March 20, 2017 special meeting.

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

The Board is requested to accept the reports.

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

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

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

The Board is requested to receive the report.

RECOMMENDATION: Receive the report.

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

**4. APRIL 2017 LEGISLATIVE REPORT:**

The Board is requested to approve the report.

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

**(Inter-Governmental Relations: Michael Kulis, Director)**

**CLAIMS**

**5. REJECT THE CLAIM OF AMANDA JOHNSON:**

The Board is requested to reject the claim.

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

**(Legal: Amy Gonzalez, General Counsel)**

**6. REJECT THE CLAIM OF AUDRA MARKMAN:**

The Board is requested to reject the claim.

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

**(Legal: Amy Gonzalez, General Counsel)**

**7. REJECT THE CLAIM OF CAL-A-VIE SPA:**

The Board is requested to reject the claim.

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

**(Legal: Amy Gonzalez, General Counsel)**

## **COMMITTEE RECOMMENDATIONS**

**8. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT FOR FINANCIAL ADVISORY SERVICES:**

The Board is requested to approve an agreement.

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

**(Business & Financial Management: John Dillon, Director)**

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

The Board is requested to approve a bond program and amendment.

RECOMMENDATION: Adopt Resolution No. 2017-\_\_\_\_, authorizing the execution of a First Amendment to Revolving Credit Agreement and certain documents related to the extension of the Revolving Credit Agreement, the issuance and/or incurrence of San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds from time to time in the form of a Revolving Drawdown Bond Program in an aggregate principal amount not to exceed \$100,000,000; and approving a Fourth Supplemental Subordinate Trust Indenture, a Bondholder's Agreement, a Bond Purchase Agreement, and certain related matters.

**(Business & Financial Management: John Dillon, Director)**

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

The Board is requested to accept the report.

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

**(Chief Auditor: Mark Burchyett, Chief Auditor)**

**11. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT FOR THE FIS ATRIUM SUSPENDED PUBLIC ART PROJECT:**

The Board is requested to approve an agreement.

RECOMMENDATION: Adopt Resolution No. 2017-\_\_\_\_, approving and authorizing the President/CEO to execute a contract with \_\_\_\_\_, to design, produce, and install integrated artwork for the Federal Inspection Services Facility Atrium Suspended Public Art Opportunity in an amount not-to-exceed \$\_\_\_\_\_.

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



**12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT FOR THE FIS GLASS PARTITION WALL PUBLIC ART PROJECT:**

The Board is requested to approve an agreement.

RECOMMENDATION: Adopt Resolution No. 2017-\_\_\_\_, approving and authorizing the President/CEO to execute a contract with \_\_\_\_\_, to design, produce, and install integrated artwork for the Federal Inspection Services Facility Glass Partition Wall Public Art Opportunity in an amount not-to-exceed \$\_\_\_\_\_.

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

***CONTRACTS AND AGREEMENTS***

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

The Board is requested to approve an agreement.

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

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

**14. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FIRST AMENDMENT TO THE GENERAL LEGAL SERVICES AGREEMENT WITH BEST BEST & KRIEGER:**

The Board is requested to approve an amendment.

RECOMMENDATION: Adopt Resolution No. 2017-\_\_\_\_, approving and authorizing the President/CEO to Execute a Second Amendment to the General Legal Services Agreement with Best Best & Krieger for a one-year extension to the term to expire no later than July 14, 2018 and to increase the not-to-exceed amount by \$200,000 for a total not-to-exceed amount of \$800,000.

**(Legal: Amy Gonzalez, General Counsel)**

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

The Board is requested to approve an amendment.

RECOMMENDATION: Adopt Resolution No. 2017-\_\_\_\_, approving and authorizing the President/CEO to Execute a First Amendment to the General Legal Services Agreement with Meyers Nave Riback Silver and Wilson for a one-year extension to the term to expire no later than April 12, 2018.

**(Legal: Amy Gonzalez, General Counsel)**

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

The Board is requested to approve an amendment.

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

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

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

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

The Board is requested to approve an agreement.

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

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

**18. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE THE FIRST AMENDMENT TO THE AGREEMENT WITH AIRPORT & AVIATION PROFESSIONALS, INC.:**

The Board is requested to approve an amendment.

RECOMMENDATION: Adopt Resolution No. 2017-\_\_\_\_, approving and authorizing the President/CEO to execute the First Amendment to Agreement No. 209442-OS with Airport & Aviation Professionals, Inc., dba AvAirPros, to: 1) add to Scope of Work airline technical advisory services to support the San Diego County Regional Airport Authority's (a) Terminal 2 West Federal Inspection Services project, (b) programmatic definition and preliminary efforts for the Airport Development Program, and (c) other projects requiring such services; 2) increase the Agreement's not-to-exceed amount from \$400,000 to \$1,100,000; and 3) extend the term of the Agreement from March 1, 2020 to December 31, 2021.

**(Accounting: Kathy Kiefer, Senior Director)**

**19. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN ON-CALL HAZARDOUS WASTE MANAGEMENT SERVICE AGREEMENT WITH \_\_\_\_\_:**

The Board is requested to approve an agreement.

RECOMMENDATION: Adopt Resolution No. 2017-\_\_\_\_\_, approving and authorizing the President/CEO to execute an On-Call Hazardous Waste Management Service Agreement with \_\_\_\_\_, for a term of three years, with the option for two one-year extensions, in an amount not-to-exceed \$6,000,000.

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

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

The Board is requested to approve an agreement.

RECOMMENDATION: Adopt Resolution No. 2017-\_\_\_\_\_ approving and authorizing the President/CEO to execute an agreement with Ferrellgas, LP for the procurement of on-site delivery and dispensing of liquid propane fuel to the parking and employee shuttle bus fleet operation, for an amount not to exceed \$3,300,000.

**(Ground Transportation: Marc Nichols, Acting Director)**

**PUBLIC HEARINGS:**

**OLD BUSINESS:**

**NEW BUSINESS:**

**WORKSHOP:**

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

The Board is requested to discuss the draft strategic plan.

RECOMMENDATION: Discuss the Draft Five-Year Strategic Plan.

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

**CLOSED SESSION:**

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

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

Name of Case: GGTW LLC v San Diego County Regional Airport Authority, et al., San Diego Superior Court Case No. 37-2016-00032646-CU-BC-CTL

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

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

Name of Case: San Diego County Regional Airport Authority v. American Car Rental, Inc., San Diego Superior Court Case No. 37-2016-00024056-CL-BC-CTL

- 24. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Dryden Oaks, LLC v. San Diego County Regional Airport Authority, et al., San Diego Superior Court, North County, Case No. 37-2014-00004077-CU-EI-NC
- 25. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.  
Number of potential cases: 1
- 26. CONFERENCE WITH REAL PROPERTY NEGOTIATORS AND WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Gov. Code §§54956.9(d)(e)(1) and 54954.5(b))  
Property: Concession leases (food & beverage) with Host, High Flying Foods and SSP  
Agency Negotiator: Scott Brickner, Kathy Kiefer and Eric Podnieks  
Negotiating Parties: Host, High Flying Foods San Diego Partnership, SSP America, Inc. and Stellar Partners, Inc.  
Under negotiation: rent (price and terms of payment), closure/conversion of locations, new concession buildout, ACDBE participation, lease compliance issues, claim by Host and close outs/permits.
- 27. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
The Receipt of a Government Claim from Cal-a-Vie Spa  
Number of potential cases: 1
- 28. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Navy Boat Channel Environmental Remediation  
Number of potential cases: 1
- 29. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Number of potential cases: 2
- 30. CONFERENCE WITH LEGAL COUNSEL –ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
In re Seaport Airlines, Inc., U.S. Bankruptcy Court Case No. 16-30406-rld7  
Number of potential cases: 1

- 31. PUBLIC EMPLOYEE APPOINTMENT:**  
Cal. Gov. Code §54957  
Title: President/Chief Executive Officer

**REPORT ON CLOSED SESSION:**

**GENERAL COUNSEL REPORT:**

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

**BOARD COMMENT:**

**ADJOURNMENT:**

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

- 1) Persons wishing to address the Board, ALUC, and Committees shall complete a “Request to Speak” form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is limited to eighteen (18) minutes and is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board. A second Public Comment period is reserved for general public comment later in the meeting for those who could not be heard during the first Public Comment period.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees. Public comment on specific items is limited to twenty (20) minutes – ten (10) minutes for those in favor and ten (10) minutes for those in opposition of an item. Each individual speaker will be allowed three (3) minutes, and applicants and groups will be allowed five (5) minutes.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
- 6) After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

**Additional Meeting Information**

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**UPCOMING MEETING SCHEDULE**

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

**DRAFT**  
**AIRPORT LAND USE COMMISSION**  
**AGENDA**

Thursday, April 6, 2017  
9:00 A.M. or immediately following the Board Meeting

San Diego International Airport  
SDCRAA Administration Building – Third Floor  
Board Room  
3225 N. Harbor Drive  
San Diego, California 92101

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

**Board Members**

C. April Boling  
Chairman

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

**Ex-Officio Board Members**

Laurie Berman  
Eraina Ortega  
Col. Jason Woodworth

**President / CEO**

Thella F. Bowens

*Pursuant to California Public Utilities Code §§ 21670-21679.5, the Airport Land Use Commission ("Commission") is responsible for coordinating the airport planning of public agencies within San Diego County. The Commission has the legal responsibility to formulate airport land use compatibility plans ("ALUCPs") that will (a) provide for the orderly growth of each public airport and the areas surrounding the airport within the County and (b) safeguard the general welfare of the inhabitants within the vicinity of each airport and the public in general. Pursuant to §21670.3, the San Diego County Regional Airport Authority serves as the Commission.*

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 Commission 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 Corporate & Information Governance/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 Commission Member or employee of the Authority for the purpose of influencing any action of the Authority. To obtain Lobbyist Registration Statement Forms, contact the Corporate & Information Governance/Authority Clerk Department.

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

**CALL TO ORDER:**

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

**NON-AGENDA PUBLIC COMMENT:**

Non-Agenda Public Comment is reserved for members of the public wishing to address the Commission on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Commission. 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 Commission.

**CONSENT AGENDA (Items 1-2):**

The Consent Agenda contains items that are routine in nature and non-controversial. It also contains consistency determinations that have been deemed consistent or conditionally consistent. The matters listed under ‘Consent Agenda’ may be approved by one motion. Any Commission Member may remove an item for separate consideration. Items so removed will be heard before the scheduled New Business items, unless otherwise directed by the Chair.

**1. APPROVAL OF MINUTES:**

The Airport Land Use Commission is requested to approve minutes of prior meetings.

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

***CONSISTENCY DETERMINATIONS***

**2. CONSISTENCY DETERMINATION – REPORT OF LAND USE ACTIONS DETERMINED TO BE CONSISTENT WITH AIRPORT LAND USE COMPATIBILITY PLANS:**

The Commission is requested to receive the report of land use actions determined by staff to be consistent with Airport Land Use Compatibility Plans.

RECOMMENDATION: Receive the report.

**(Airport Planning: Angela Jamison, Acting Director)**

**PUBLIC HEARINGS:**

**OLD BUSINESS:**



**NEW BUSINESS:**

**3. STATUS UPDATE AND POSSIBLE POLICY DIRECTION ON AIRPORT LAND USE COMPATIBILITY PLANS:**

The Commission is requested to receive a status update presentation on Airport Land Use Compatibility Plans.

RECOMMENDATION: Receive the presentation and possibly provide policy direction to staff.

**(Airport Planning: Angela Jamison, Acting Director)**

**COMMISSION COMMENT:**

**ADJOURNMENT:**

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**UPCOMING MEETING SCHEDULE**

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

## **ITEM 9 - APPOINTMENT OF AN INTERIM PRESIDENT/CEO**

There is no back up information available for this item at this time

**ITEM 10 - APPOINTMENT OF THE PRESIDENT & CEO AND  
AUTHORIZATION TO NEGOTIATE A CONTRACT**

There is no back up information available for this item at this time