

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Members

C. April Boling
Chairman

Greg Cox

Jim Desmond

Mark Kersey

Robert T. Lloyd

Paul Robinson

Johanna Schiavoni

Michael Schumacher

Mark B. West

EXECUTIVE/FINANCE COMMITTEE and SPECIAL BOARD MEETING

AGENDA

Thursday, May 24, 2018
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

Tim Gubbins

Jacqueline Wong-Hernandez

Col. Jason Woodworth

President / CEO

Kimberly J. Becker

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 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.

***NOTE:** This Committee Meeting also is noticed as a Special Meeting of the Board to (1) foster communication among Board members in compliance with the Brown Act; and (2) preserve the advisory function of the Committee.

Board members who are not members of this Committee may attend and participate in Committee discussions. Since sometimes more than a quorum of the Board may be in attendance, to comply with the Brown Act, this Committee meeting also is noticed as a Special Meeting of the Board.

To preserve the proper function of the Committee, only members officially assigned to this Committee are entitled to vote on any item before the Committee. This Committee only has the power to review items and make recommendations to the Board. Accordingly, this 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:

Executive Committee

Committee Members: Boling (Chairman), Robinson, Schumacher

Finance Committee

Committee Members: Cox (Chairman), Lloyd, Schiavoni, West

NON-AGENDA PUBLIC COMMENT

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

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the April 23, 2018 regular meeting.

FINANCE COMMITTEE NEW BUSINESS:

2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE TEN MONTHS ENDED APRIL 30, 2018:

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

3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF APRIL 30, 2018:

Presented by: Geoff Bryant, Manager, Airport Finance

4. REVIEW OF AUTHORITY POLICY 4.40 – DEBT ISSUANCE AND MANAGEMENT:

RECOMMENDATION: Forward to the Board with a recommendation to accept the Staff Report deferring amendments to Authority Policy 4.40 – Guidelines for Debt Issuance and Management through 2019.

Presented by: John Dillon, Director, Financial Management

5. ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO AUTHORITY POLICY 4.20 – GUIDELINES FOR PRUDENT INVESTMENTS, DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, FINANCE AND ASSET MANAGEMENT/TREASURER:

RECOMMENDATION: Forward to the Board with a recommendation for approval.

Presented by: Geoff Bryant, Manager, Airport Finance

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 JUNE 7, 2018 BOARD MEETING:

Presented by: Kimberly J. Becker, President/CEO

8. REVIEW OF THE DRAFT AGENDA FOR THE JUNE 7, 2018 AIRPORT LAND USE COMMISSION MEETING:

Presented by: Kimberly J. Becker, President/CEO

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 Assistive 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.

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>
June 25	Monday	9:00 A.M.	Regular	Board Room
August 27	Monday	9:00 A.M.	Regular	Board Room
September 24	Monday	9:00 A.M.	Regular	Board Room

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD AND
EXECUTIVE AND FINANCE COMMITTEE MEETING MINUTES
MONDAY, APRIL 23, 2018
BOARD ROOM

CALL TO ORDER: Chairman Boling called the Special Board and Executive-Finance Committee Meeting to order at 9:00 a.m., on Monday, April 23, 2018, 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 Cox led the Pledge of Allegiance.

ROLL CALL:

Board

Present: Board Members: Boling (Chair), Cox, Kersey, Lloyd Robinson, Schiavoni, West

Absent: Board Members: Desmond, Gubbins (Ex-Officio), Schumacher, Wong-Hernandez (Ex-Officio), Woodworth (Ex-Officio)

Executive Committee

Present: Committee Members: Boling (Chair), Robinson

Absent: Committee Members: Schumacher

Finance Committee

Present: Committee Members: Cox, Lloyd, Schiavoni, West

Absent: Committee Members: None

Also Present: Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel; Tony Russell, Director, Corporate & Information Governance/Authority Clerk; Martha Morales, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT:

MIKAIL HUSSEIN, SAN DIEGO, UNITED TAXI WORKERS OF SAN DIEGO, spoke regarding his request to meet with staff regarding taxi issues.

BOARD

NEW BUSINESS:

1. REDUCTION OF MINIMUM INSURANCE REQUIREMENT FOR AIRPORT PERMITTED TAXIS:

Marc Nichols, Director, Ground Transportation, provided a presentation on the Reduction of Minimum Insurance Requirement for Airport Permitted Taxis which included Background/Justification, Level Playing Field, MTS/City of San Diego Requirements, Airport Permit Insurance Requirements, Key Dates, and Recommendation.

RECOMMENDATION: Accept the report and/or take possible action.

Board Member West expressed concern after learning that only one company provides insurance coverage for most of the Taxi companies.

ABDUL ABDI, SAN DIEGO, spoke in support of reducing the insurance requirement.

MIKAIL HUSSEIN, SAN DIEGO, spoke in support of staff's recommendation.

LUCERO CHAVEZ, OFFICE OF ASSEMBLY MEMBER LORENA GONZALEZ FLETCHER, SAN DIEGO, spoke in support of the taxi workers and reducing the insurance requirement.

ADRIAN KWIATKOWSKI, TRANSPORTATION ALLIANCE GROUP, SAN DIEGO, provided a handout and spoke in support of reducing the insurance requirement.

YONAS MEHARI, SAN DIEGO, spoke in support of opening the airport to all taxis.

KAMRAN HAMIDI, SAN DIEGO, provided a presentation and handout and spoke regarding insurance requirements and issues with the current taxi insurance provider.

KIDANE WELDEMICHAEL, SAN DIEGO, spoke in support of issuing new permits to owner-operator taxis and lowering the insurance requirement.

FEKADU HITAHA, SAN DIEGO, spoke regarding insurance requirements.

ANTHONY PALMERI, SAN DIEGO, spoke in support of the taxi industry and lowering the insurance requirement.

CARELYN REYNOLDS, TRANSPORTATION ALLIANCE GROUP, spoke in support of staff's recommendation and recommended that the Board look into the TNC's requirements.

TONY HUESO, SAN DIEGO, spoke in support of staff's recommendation.

ALEM ZEBIB, spoke regarding diversifying insurance companies and insurance requirements.

In response to Chairman Boling regarding if Board action is required, Amy Gonzalez, General Counsel, confirmed that the Authority's Policy grants the ability to lower insurance requirement to the President/CEO without Board action.

Kim Becker, President/CEO, stated that her goal was to level the playing field and she supported lowering the insurance requirement, but welcomed Board's input.

Board Member Cox stated that the Authority needs to be consistent with MTS and the City of San Diego. He moved to accept staff's recommendation.

Board Member Kersey stated that he did not support lowering the insurance requirement at the City, but would support it at the Authority to make it consistent.

Board Member West expressed concern that the Authority didn't do any research on insurance options but stated that whatever we can do to help the taxis is good.

Board Member Robinson stated that he supports staff's recommendation and recommended looking at umbrella policies.

ACTION: Moved by Board Member Cox and seconded by Board Member Robinson to accept the report. Motion carried by the following votes: YES – Boling, Cox, Kersey, Lloyd, Robinson, Schiavoni, West; NO – None; ABSENT – Desmond, Schumacher; (Weighted Vote Points: YES – 76; NO – 0; ABSENT – 24).

2. APRIL 2018 LEGISLATIVE REPORT:

Mike Kulis, Director, Intergovernmental Affairs, provided an overview of the staff report.

RECOMMENDATION: Adopt Resolution No. 2018-0048, approving the April 2018 Legislative Report.

ACTION: Moved by Board Member Kersey and seconded by Board Member West to approve staff's recommendation. Motion carried by the following votes: YES – Boling, Cox, Kersey, Lloyd, Robinson, Schiavoni, West; NO – None; ABSENT – Desmond, Schumacher; (Weighted Vote Points: YES – 76; NO – 0; ABSENT – 24).

FINANCE COMMITTEE

NEW BUSINESS:

3. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018:

Kathy Kiefer, Senior Director, Finance and Asset Management, provided a presentation on the Review of the Unaudited Financial Statements for the Nine Months Ended March 31, 2018, which included Enplanements, Gross Landing Weight Units, Car Rental License Fees, Food and Beverage Concessions Revenue, Retail Concessions Revenue, Total Terminal Concessions, Parking Revenue, Operating Revenues, Operating Expenses, Net Operating Income Summary, Nonoperating Revenues & Expenses, Operating Revenues, Operating Expenses, Net Operating Income Summary, Nonoperating Revenues and Expenses, and Statements of Net Positions.

RECOMMENDATION: Forward to the Board with a recommendation for acceptance.

4. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF MARCH 31, 2018:

Geoff Bryant, Manager, Airport Finance, provided a presentation on the Authority's Investment Report as of March 31, 2018 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.

RECOMMENDATION: Forward to the Board with a recommendation for acceptance.

ACTION: Moved by Board Member Schiavoni and seconded by Board Member West to approve staff's recommendation for items 3 and 4. Motion carried unanimously.

EXECUTIVE COMMITTEE

NEW BUSINESS:

5. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the March 26, 2018 regular meeting.

ACTION: Moved by Board Member Robinson and seconded by Chairman Boling to approve staff's recommendation. Motion carried unanimously noting Board Member Schumacher as ABSENT.

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.

ACTION: Moved by Board Member Robinson and seconded by Chairman Boling to approve staff's recommendation. Motion carried unanimously noting Board Member Schumacher as ABSENT.

REVIEW OF FUTURE AGENDAS:

7. REVIEW OF THE DRAFT AGENDA FOR THE MAY 3, 2018 BOARD MEETING:

Kimberly J. Becker, President/CEO, provided an overview of the draft agenda for the May 3, 2018, Board meeting.

8. REVIEW OF THE DRAFT AGENDA FOR THE MAY 3, 2018 AIRPORT LAND USE COMMISSION MEETING:

Kimberly J. Becker, President/CEO, provided an overview of the draft agenda for the May 3, 2018, ALUC meeting.

BOARD (CONTINUED)

CLOSED SESSION: The Board recessed into Closed Session at 10:22 a.m. to discuss Items 9 and 10.

9. CONFERENCE WITH REAL PARTY NEGOTIATORS:

Property: Airline Operating and Lease Agreement - San Diego International Airport Agency Negotiator: Kim Becker, Scott Brickner, Amy Gonzalez
Negotiating Parties: Alaska Airlines, Allegiant Airlines, American Airlines, British Airways, Delta Airlines, FedEx, JetBlue Airlines, Southwest Airlines
Under Negotiation: price and terms of payment

10. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code§54956.9)
Number of cases: 1

REPORT ON CLOSED SESSION: The Board reconvened into open session at 11:25 a.m. There was no reportable action.

BOARD AND COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting adjourned at 11:26 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY EXECUTIVE COMMITTEE THIS 24th DAY OF MAY, 2018.

ATTEST:

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

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Net Position
as of April 30, 2018
(Unaudited)

ASSETS

	April	
	2018	2017
Current assets:		
Cash and investments ⁽¹⁾	\$ 86,681,466	\$ 81,411,674
Tenant lease receivable, net of allowance of 2018: (\$211,892) and 2017: (\$218,877)	9,243,936	8,615,502
Grants receivable	6,027,771	3,181,229
Notes receivable-current portion	1,801,694	1,705,491
Prepaid expenses and other current assets	9,097,297	6,967,780
Total current assets	112,852,164	101,881,676
Cash designated for capital projects and other ⁽¹⁾	24,331,041	41,912,704
Restricted assets:		
Cash and investments:		
Bonds reserve ⁽¹⁾	60,779,648	57,872,255
Passenger facility charges and interest unapplied ⁽¹⁾	77,963,172	66,644,599
Customer facility charges and interest unapplied ⁽¹⁾	42,980,796	34,244,316
SBD Bond Guarantee ⁽¹⁾	4,000,000	4,000,000
Bond proceeds held by trustee ⁽¹⁾	334,272,054	151,987,613
Passenger facility charges receivable	5,478,803	5,419,844
Customer facility charges receivable	4,022,689	4,129,946
OCIP insurance reserve	5,136,856	2,697,635
Total restricted assets	534,634,018	326,996,207
Noncurrent assets:		
Capital assets:		
Land and land improvements	127,171,322	110,139,441
Runways, roads and parking lots	652,240,421	592,048,831
Buildings and structures	1,431,853,621	1,415,136,303
Machinery and equipment	56,886,948	48,950,170
Vehicles	18,142,271	15,530,202
Office furniture and equipment	36,836,985	33,356,892
Works of art	10,065,769	10,065,769
Construction-in-progress	329,728,412	210,036,861
	2,662,925,749	2,435,264,468
Less accumulated depreciation	(979,458,166)	(888,934,142)
Total capital assets, net	1,683,467,583	1,546,330,325
Other assets:		
Notes receivable - long-term portion	31,746,788	33,628,238
Investments-long-term portion ⁽¹⁾	171,230,543	178,174,963
Security deposit	349,943	349,943
Total other assets	203,327,274	212,153,144
Deferred outflows of resources:		
Deferred pension contributions	5,939,990	20,436,479
Other deferred pension outflows	15,047,685	288,051
Total assets and deferred outflows of resources	\$ 2,579,599,755	\$ 2,249,998,586

⁽¹⁾ Total cash and investments, \$802,238,720 for 2018 and \$616,248,124 for 2017

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Net Position
as of April 30, 2018
(Unaudited)

LIABILITIES AND NET POSITION

	April	
	2018	2017
Current liabilities:		
Accounts payable and accrued liabilities	\$ 66,003,353	\$ 43,973,971
Deposits and other current liabilities	10,803,863	8,892,600
Total current liabilities	76,807,216	52,866,571
Current liabilities - payable from restricted assets:		
Current portion of long-term debt	17,070,000	11,585,000
Accrued interest on bonds and variable debt	26,467,338	21,802,470
Total liabilities payable from restricted assets	43,537,338	33,387,470
Long-term liabilities:		
Variable debt	26,448,000	59,131,000
Other long-term liabilities	7,807,336	8,614,578
Long term debt - bonds net of amortized premium	1,593,853,966	1,276,703,699
Net pension liability	18,743,453	18,111,482
Total long-term liabilities	1,646,852,755	1,362,560,759
Total liabilities	1,767,197,309	1,448,814,800
Deferred inflows of resources:		
Deferred pension inflows	3,506,867	1,815,440
Total liabilities and deferred inflows of resources	\$ 1,770,704,176	\$ 1,450,630,240
Net Position:		
Invested in capital assets, net of related debt	373,111,034	340,958,412
Other restricted	197,634,108	174,716,234
Unrestricted:		
Designated	24,331,041	41,912,704
Undesignated	213,819,401	241,780,998
Total Net Position	\$ 808,895,584	\$ 799,368,348

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
 Statements of Revenues, Expenses, and Changes in Net Position
 For the Month Ended April 30, 2018
 (Unaudited)

	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating revenues:					
Aviation revenue:					
Landing fees	\$ 2,313,250	\$ 2,328,833	\$ 15,583	1%	\$ 2,295,676
Aircraft parking Fees	251,617	271,746	20,129	8%	242,298
Building rentals	4,898,237	5,022,953	124,716	3%	4,612,691
Security surcharge	2,737,068	2,753,711	16,643	-	2,486,660
CUPPS Support Charges	116,784	117,565	781	-	103,646
Other aviation revenue	16,577	17,103	526	3%	133,962
Terminal rent non-airline	131,793	178,856	47,063	36%	132,986
Terminal concessions	2,151,883	2,434,228	282,345	13%	2,463,305
Rental car license fees	2,445,042	2,533,550	88,508	4%	2,525,899
Rental car center cost recovery	144,308	140,831	(3,477)	(2)%	187,996
License fees other	383,249	449,090	65,841	-	397,780
Parking revenue	3,102,777	3,859,559	756,782	24%	3,444,377
Ground transportation permits and citations	585,803	887,956	302,153	52%	722,202
Ground rentals	1,623,340	1,647,784	24,444	2%	1,535,898
Grant reimbursements	-	66,180	66,180	-	-
Other operating revenue	64,455	107,925	43,470	67%	176,373
Total operating revenues	20,966,183	22,817,870	1,851,687	9%	21,461,749
Operating expenses:					
Salaries and benefits	3,951,035	3,740,875	210,160	5%	5,227,595
Contractual services	3,897,319	3,777,157	120,162	-	3,471,996
Safety and security	2,495,488	2,423,814	71,674	3%	2,247,784
Space rental	850,014	850,605	(591)	-	849,963
Utilities	999,862	1,068,777	(68,915)	(7)%	495,149
Maintenance	1,308,810	1,257,950	50,860	4%	1,534,667
Equipment and systems	12,240	73,209	(60,969)	(498)%	106,978
Materials and supplies	28,688	43,380	(14,692)	(51)%	39,877
Insurance	90,375	87,156	3,219	4%	78,596
Employee development and support	105,033	119,493	(14,460)	(14)%	78,125
Business development	931,319	780,526	150,793	16%	170,943
Equipment rentals and repairs	300,604	302,815	(2,211)	(1)%	316,191
Total operating expenses	14,970,787	14,525,757	445,030	3%	14,617,864
Depreciation	9,310,097	9,310,097	-	-	7,691,139
Operating income (loss)	(3,314,701)	(1,017,984)	2,296,717	69%	(847,254)
Nonoperating revenue (expenses):					
Passenger facility charges	2,925,835	4,034,604	1,108,769	38%	3,117,754
Customer facility charges (Rental Car Center)	3,445,897	3,733,514	287,617	8%	3,672,266
Quieter Home Program	(426,112)	(442,769)	(16,657)	(4)%	(199,588)
Interest income	677,289	1,118,801	441,512	65%	827,642
BAB interest rebate	388,017	388,849	832	-	385,851
Interest expense	(6,783,197)	(6,255,183)	528,014	8%	(5,187,998)
Bond amortization costs	335,940	481,127	145,187	43%	343,857
Other nonoperating income (expenses)	(1,000)	(1,179,454)	(1,178,454)	-	62,197
Nonoperating revenue, net	562,669	1,879,489	1,316,820	234%	3,021,981
Change in net position before capital grant contributions	(2,752,032)	861,505	3,613,537	131%	2,174,727
Capital grant contributions	1,050,417	1,040,419	(9,998)	(1)%	126,045
Change in net position	\$ (1,701,615)	\$ 1,901,924	\$ 3,603,539	(212)%	\$ 2,300,772

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
For the Ten Months Ended April 30, 2018 and 2017
(Unaudited)

	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating revenues:					
Aviation revenue:					
Landing fees	\$ 22,698,275	\$ 22,053,424	\$ (644,851)	(3)%	\$ 21,226,514
Aircraft parking fees	2,516,177	2,672,167	155,990	6%	2,422,990
Building rentals	49,035,496	49,608,093	572,597	1%	45,858,501
Security surcharge	27,413,369	27,442,776	29,407	-	24,852,610
CUPPS Support Charges	1,167,840	1,169,445	1,605	-	1,035,440
Other aviation revenue	162,755	154,871	(7,884)	(5)%	1,348,610
Terminal rent non-airline	1,321,342	1,678,530	357,188	27%	1,287,971
Terminal concessions	21,151,637	23,218,610	2,066,973	10%	21,367,659
Rental car license fees	23,830,957	24,506,434	675,477	3%	23,932,724
Rental car center cost recovery	1,443,083	1,184,425	(258,658)	(18)%	1,841,689
License fees other	4,006,924	4,605,806	598,882	15%	3,968,639
Parking revenue	33,763,651	35,417,722	1,654,071	5%	34,064,754
Ground transportation permits and citations	6,101,797	7,977,968	1,876,171	31%	6,617,626
Ground rentals	16,544,778	16,753,242	208,464	1%	15,400,776
Grant reimbursements	-	442,323	442,323	-	147,200
Other operating revenue	644,559	1,210,104	565,545	88%	1,311,339
Total operating revenues	211,802,640	220,095,940	8,293,300	4%	206,685,042
Operating expenses:					
Salaries and benefits	39,360,141	38,707,608	652,533	2%	38,039,809
Contractual services	38,141,008	37,037,691	1,103,317	3%	36,133,859
Safety and security	25,665,234	25,266,738	398,496	2%	23,003,963
Space rental	8,492,913	8,493,726	(813)	-	8,492,400
Utilities	10,112,154	10,248,587	(136,433)	(1)%	8,721,177
Maintenance	12,192,934	9,881,512	2,311,422	19%	11,869,575
Equipment and systems	273,151	355,151	(82,000)	(30)%	414,376
Materials and supplies	377,890	475,625	(97,735)	(26)%	480,246
Insurance	944,980	923,554	21,426	2%	798,844
Employee development and support	1,054,881	1,012,472	42,409	4%	1,057,855
Business development	2,860,199	2,665,231	194,968	7%	1,815,708
Equipment rentals and repairs	2,830,137	2,553,122	277,015	10%	2,619,841
Total operating expenses	142,305,622	137,621,017	4,684,605	3%	133,447,653
Depreciation	86,837,472	86,837,472	-	-	76,474,500
Operating income (loss)	(17,340,454)	(4,362,549)	12,977,905	75%	(3,237,111)
Nonoperating revenue (expenses):					
Passenger facility charges	34,334,773	37,203,129	2,868,356	8%	33,716,992
Customer facility charges (Rental Car Center)	33,239,933	33,602,901	362,968	-	29,720,315
Quieter Home Program	(2,719,878)	(1,834,964)	884,914	33%	(805,186)
Interest income	7,486,128	10,741,437	3,255,309	43%	6,600,128
BAB interest rebate	3,880,166	3,888,492	8,326	-	3,869,006
Interest expense	(68,715,374)	(62,372,083)	6,343,291	9%	(51,250,353)
Bond amortization costs	3,389,374	4,727,220	1,337,846	39%	3,467,343
Other nonoperating income (expenses)	(8,000)	(4,635,247)	(4,627,247)	-	(2,047,772)
Nonoperating revenue, net	10,887,122	21,320,885	10,433,763	96%	23,270,473
Change in net position before capital grant contributions	(6,453,332)	16,958,336	23,411,668	363%	20,033,362
Capital grant contributions	6,192,917	8,764,215	2,571,298	42%	1,661,928
Change in net position	\$ (260,415)	\$ 25,722,551	\$ 25,982,966	(9978)%	\$ 21,695,290



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	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
Landing Fees										
41112 - Landing Fees - Signatory	\$2,313,250	\$2,355,557	\$42,307	2	\$2,323,260	\$22,751,558	\$22,126,368	\$(625,190)	(3)	\$21,516,093
41113 - Landing Fee Rebate	0	(26,724)	(26,724)	0	(27,584)	(53,283)	(72,944)	(19,661)	(37)	(289,579)
Total Landing Fees	2,313,250	2,328,833	15,583	1	2,295,677	22,698,274	22,053,423	(644,851)	(3)	21,226,514
Aircraft Parking Fees										
41150 - Terminal Aircraft Parking	216,391	226,455	10,064	5	208,376	2,163,912	2,254,484	90,572	4	2,083,764
41155 - Remote Aircraft Parking	35,226	45,291	10,065	29	33,923	352,265	417,683	65,419	19	339,226
Total Aircraft Parking Fees	251,618	271,746	20,128	8	242,299	2,516,177	2,672,167	155,991	6	2,422,990
Building and Other Rents										
41210 - Terminal Rent	4,826,451	4,929,388	102,937	2	4,549,642	48,287,399	48,798,545	511,146	1	45,183,997
41215 - Federal Inspection Services	71,785	93,565	21,780	30	63,047	748,097	809,548	61,451	8	674,504
Total Building and Other Rents	4,898,236	5,022,953	124,717	3	4,612,689	49,035,496	49,608,093	572,598	1	45,858,501
Security Surcharge										
41310 - Airside Security Charges	660,928	666,468	5,540	1	612,707	6,621,018	6,630,043	9,025	0	6,124,192
41320 - Terminal Security Charge	2,076,140	2,087,243	11,103	1	1,873,953	20,792,351	20,812,733	20,382	0	18,728,418
Total Security Surcharge	2,737,068	2,753,711	16,643	1	2,486,660	27,413,369	27,442,776	29,407	0	24,852,610
CUPPS Support Charges										
41400 - CUPPS Support Charges	116,784	117,565	781	1	103,646	1,167,840	1,169,445	1,605	0	1,035,440
Total CUPPS Support Charges	116,784	117,565	781	1	103,646	1,167,840	1,169,445	1,605	0	1,035,440
Other Aviation Revenue										
43100 - Fuel Franchise Fees	16,577	17,103	526	3	15,011	162,755	154,871	(7,884)	(5)	159,100
43105 - New Capital Recovery	0	0	0	0	118,951	0	0	0	0	1,189,510
Total Other Aviation Revenue	16,577	17,103	526	3	133,962	162,755	154,871	(7,884)	(5)	1,348,610
Non-Airline Terminal Rents										
45010 - Terminal Rent - Non-Airline	131,793	178,856	47,064	36	132,986	1,321,342	1,678,530	357,188	27	1,287,971
Total Non-Airline Terminal Rents	131,793	178,856	47,064	36	132,986	1,321,342	1,678,530	357,188	27	1,287,971

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Concession Revenue										
45111 - Term Concessions-Food & Bev	\$912,162	\$1,121,176	\$209,014	23	\$786,654	\$8,988,295	\$10,205,058	\$1,216,763	14	\$8,824,769
45112 - Terminal Concessions - Retail	580,540	642,605	62,065	11	599,348	5,702,993	6,305,385	602,392	11	5,867,335
45113 - Term Concessions - Other	263,737	283,862	20,125	8	741,277	2,537,578	2,854,044	316,466	12	3,340,646
45114 - Term Concessions Space Rents	72,689	77,915	5,227	7	72,591	726,889	753,448	26,558	4	725,906
45115 - Term Concessions Cost Recovery	125,414	117,643	(7,770)	(6)	83,853	1,265,113	1,236,773	(28,340)	(2)	846,319
45116 - Rec Distr Center Cost Recovery	135,036	132,450	(2,587)	(2)	128,643	1,316,368	1,304,989	(11,379)	(1)	1,260,392
45117 - Concessions Marketing Program	62,305	58,577	(3,727)	(6)	50,939	614,401	558,913	(55,488)	(9)	502,292
45120 - Rental car license fees	2,445,042	2,533,550	88,509	4	2,525,899	23,830,957	24,506,434	675,477	3	23,932,724
45121 - Rental Car Center Cost Recover	144,308	140,831	(3,477)	(2)	187,996	1,443,083	1,184,425	(258,658)	(18)	1,841,689
45130 - License Fees - Other	383,249	449,090	65,841	17	397,780	4,006,924	4,605,806	598,882	15	3,968,639
Total Concession Revenue	5,124,481	5,557,700	433,218	8	5,574,979	50,432,601	53,515,275	3,082,674	6	51,110,711
Parking and Ground Transportat										
45210 - Parking	3,102,777	3,859,559	756,783	24	3,444,377	33,763,651	35,417,722	1,654,070	5	34,064,754
45220 - AVI fees	566,619	839,299	272,680	48	689,404	5,745,384	7,566,296	1,820,912	32	5,795,075
45240 - Ground Transportation Pe	3,772	12,540	8,768	232	3,240	202,293	196,568	(5,725)	(3)	638,579
45250 - Citations	15,412	36,117	20,705	134	29,558	154,120	215,104	60,984	40	183,972
Total Parking and Ground Transportat	3,688,580	4,747,515	1,058,935	29	4,166,579	39,865,448	43,395,690	3,530,242	9	40,682,379
Ground Rentals										
45310 - Ground Rental Fixed - N	1,623,340	1,647,785	24,445	2	1,535,898	16,544,778	16,753,242	208,464	1	15,400,776
Total Ground Rentals	1,623,340	1,647,785	24,445	2	1,535,898	16,544,778	16,753,242	208,464	1	15,400,776
Grant Reimbursements										
45410 - TSA Reimbursements	0	24,000	24,000	0	0	0	243,200	243,200	0	147,200
45420 - Planning Grants	0	42,180	42,180	0	0	0	199,123	199,123	0	0
Total Grant Reimbursements	0	66,180	66,180	0	0	0	442,323	442,323	0	147,200

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Other Operating Revenue										
45510 - Finger Printing Fee	\$17,605	\$20,296	\$2,691	15	\$20,191	\$176,054	\$214,384	\$38,330	22	\$167,300
45520 - Utilities Reimbursements	19,427	17,117	(2,309)	(12)	19,481	194,267	166,634	(27,632)	(14)	194,321
45530 - Miscellaneous Other Reve	4,274	2,434	(1,839)	(43)	83,034	42,737	296,031	253,294	593	662,503
45540 - Service Charges	7,314	39,509	32,195	440	34,752	73,139	331,150	258,011	353	117,969
45570 - FBO Landing Fees	15,836	27,408	11,572	73	17,755	158,362	197,265	38,903	25	164,606
45580 - Equipment Rental	0	1,160	1,160	0	1,160	0	4,640	4,640	0	4,640
Total Other Operating Revenue	64,456	107,925	43,469	67	176,373	644,558	1,210,103	565,546	88	1,311,339
Total Operating Revenue	20,966,182	22,817,873	1,851,690	9	21,461,748	211,802,637	220,095,938	8,293,301	4	206,685,038
Personnel Expenses										
Salaries										
51110 - Salaries & Wages	2,786,945	2,313,629	473,316	17	2,217,271	29,863,551	23,994,735	5,868,816	20	23,736,249
51210 - Paid Time Off	0	273,167	(273,167)	0	198,909	0	2,904,585	(2,904,585)	0	2,270,274
51220 - Holiday Pay	0	55,683	(55,683)	0	53,162	0	667,649	(667,649)	0	656,009
51240 - Other Leave With Pay	0	6,036	(6,036)	0	12,673	0	105,765	(105,765)	0	95,883
51250 - Special Pay	0	8,110	(8,110)	0	32,273	0	154,142	(154,142)	0	714,574
Total Salaries	2,786,945	2,656,624	130,321	5	2,514,289	29,863,551	27,826,876	2,036,675	7	27,472,988
52110 - Overtime	76,373	60,196	16,177	21	48,489	624,241	599,470	24,771	4	571,038

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Benefits										
54110 - FICA Tax	\$215,032	\$202,667	\$12,365	6	\$188,656	\$2,217,069	\$2,031,144	\$185,924	8	\$1,975,966
54120 - Unemployment Insurance-S	0	0	0	0	0	0	33,636	(33,636)	0	66,357
54130 - Workers Compensation Ins	23,478	14,043	9,436	40	14,328	251,220	153,000	98,220	39	162,159
54135 - Workers Comp Incident Expense	0	2,030	(2,030)	0	10,192	0	62,646	(62,646)	0	72,055
54210 - Medical Insurance	346,605	322,546	24,060	7	307,575	3,415,260	3,179,824	235,436	7	3,314,494
54220 - Dental Insurance	28,264	26,004	2,260	8	26,048	273,916	255,554	18,362	7	259,746
54230 - Vision Insurance	3,360	3,252	108	3	3,252	33,597	32,052	1,545	5	32,000
54240 - Life Insurance	8,838	9,043	(205)	(2)	8,536	88,382	86,587	1,795	2	83,373
54250 - Short Term Disability	8,710	10,423	(1,713)	(20)	10,034	93,193	101,886	(8,693)	(9)	99,704
54310 - Retirement	814,259	712,175	102,085	13	556,233	6,485,920	5,575,626	910,294	14	4,779,640
54312 - GABS 68 -Non-funded Retirement	0	0	0	0	1,679,109	0	2,010,451	(2,010,451)	0	1,679,109
54315 - Retiree	179,078	178,767	311	0	174,800	1,790,779	1,767,817	22,963	1	1,742,150
54410 - Taxable Benefits	0	0	0	0	0	0	(4,233)	4,233	0	20,630
54430 - Accrued Vacation	0	34,790	(34,790)	0	66,417	0	56,518	(56,518)	0	(93,720)
54440 - Relocation	0	0	0	0	0	0	73,425	(73,425)	0	0
Total Benefits	1,627,625	1,515,738	111,887	7	3,045,178	14,649,337	15,415,934	(766,597)	(5)	14,193,663
Cap Labor/Burden/OH Recharge										
54510 - Capitalized Labor Recha	(484,744)	(107,087)	(377,657)	(78)	(97,848)	(5,186,762)	(1,185,140)	(4,001,623)	(77)	(860,280)
54515 - Capitalized Burden Rech	0	(46,858)	46,858	0	(36,633)	0	(492,212)	492,212	0	(316,712)
54599 - OH Contra	0	(273,835)	273,835	0	(233,999)	0	(2,938,897)	2,938,897	0	(2,824,165)
Total Cap Labor/Burden/OH Recharge	(484,744)	(427,781)	(56,963)	(12)	(368,480)	(5,186,762)	(4,616,249)	(570,514)	(11)	(4,001,156)
QHP Labor/Burden/OH Recharge										
54520 - QHP Labor Recharge	(55,161)	(29,772)	(25,389)	(46)	(9,728)	(590,225)	(238,284)	(351,941)	(60)	(69,706)
54525 - QHP Burden Recharge	0	(14,133)	14,133	0	(4,129)	0	(106,957)	106,957	0	(28,627)
54526 - QHP OH Contra Acct	0	(20,002)	20,002	0	0	0	(165,699)	165,699	0	(99,109)
Total QHP Labor/Burden/OH Recharge	(55,161)	(63,907)	8,745	16	(13,857)	(590,225)	(510,940)	(79,285)	(13)	(197,443)
MM&JS Labor/Burden/OH Recharge										
54530 - MM & JS Labor Recharge	0	(887)	887	0	1,972	0	(15,894)	15,894	0	718
54531 - Joint Studies - Labor	0	887	(887)	0	0	0	8,412	(8,412)	0	0
54535 - MM & JS Burden Recharge	0	(462)	462	0	0	0	(3,499)	3,499	0	0
54536 - Maintenance-Burden	0	462	(462)	0	0	0	3,499	(3,499)	0	0
Total MM&JS Labor/Burden/OH Recharge	0	0	0	0	1,972	0	(7,481)	7,481	0	718

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Total Personnel Expenses	3,951,037	3,740,871	210,167	5	5,227,591	39,360,142	38,707,609	652,532	2	38,039,808
Non-Personnel Expenses										
Contract Services										
61100 - Temporary Staffing	\$33,729	\$68,562	\$(34,833)	(103)	\$28,746	\$275,859	\$388,096	\$(112,237)	(41)	\$329,765
61110 - Auditing Services	0	0	0	0	0	108,900	107,900	1,000	1	154,800
61120 - Legal Services	30,000	50,803	(20,803)	(69)	4,208	490,000	485,053	4,947	1	406,996
61130 - Services - Professional	968,300	911,267	57,032	6	964,719	9,721,469	9,065,499	655,970	7	10,291,633
61150 - Outside Svs - Other	320,554	324,725	(4,171)	(1)	276,222	3,378,473	3,114,200	264,273	8	2,766,979
61160 - Services - Custodial	2,562,417	2,415,878	146,538	6	2,313,438	24,579,435	24,120,312	459,123	2	22,918,218
61190 - Receiving & Dist Cntr Services	141,551	139,454	2,097	1	134,024	1,379,874	1,373,569	6,305	0	1,326,316
61990 - OH Contra	(159,232)	(133,531)	(25,701)	(16)	(249,360)	(1,793,002)	(1,616,938)	(176,063)	(10)	(2,060,848)
Total Contract Services	3,897,319	3,777,158	120,160	3	3,471,997	38,141,009	37,037,691	1,103,319	3	36,133,860
Safety and Security										
61170 - Services - Fire, Police,	512,166	469,419	42,747	8	472,875	5,121,660	5,010,142	111,518	2	4,650,688
61180 - Services - SDUPD-Harbor	1,547,338	1,507,265	40,073	3	1,350,817	16,371,511	15,763,043	608,468	4	14,409,368
61185 - Guard Services	319,316	311,163	8,154	3	273,333	3,005,396	3,154,087	(148,691)	(5)	2,684,710
61188 - Other Safety & Security Serv	116,667	135,966	(19,300)	(17)	150,758	1,166,667	1,339,466	(172,799)	(15)	1,259,197
Total Safety and Security	2,495,486	2,423,813	71,674	3	2,247,783	25,665,234	25,266,738	398,496	2	23,003,964
Space Rental										
62100 - Rent	850,014	850,605	(591)	0	849,963	8,492,913	8,493,726	(813)	0	8,492,400
Total Space Rental	850,014	850,605	(591)	0	849,963	8,492,913	8,493,726	(813)	0	8,492,400
Utilities										
63100 - Telephone & Other Commun	40,117	50,366	(10,249)	(26)	44,986	396,094	435,819	(39,725)	(10)	537,777
63110 - Utilities - Gas & Electr	863,491	924,513	(61,021)	(7)	380,355	8,811,954	8,860,819	(48,865)	(1)	7,347,500
63120 - Utilities - Water	96,254	93,897	2,356	2	69,838	904,106	952,987	(48,881)	(5)	839,098
63190 - OH Contra	0	2	(2)	0	(30)	0	(1,038)	1,038	0	(3,198)
Total Utilities	999,862	1,068,778	(68,916)	(7)	495,149	10,112,155	10,248,587	(136,432)	(1)	8,721,177

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Maintenance										
64100 - Facilities Supplies	\$79,767	\$55,252	\$24,515	31	\$80,536	\$640,467	\$646,526	\$(6,060)	(1)	\$771,191
64110 - Maintenance - Annual R	972,536	936,023	36,512	4	1,153,593	9,182,656	7,617,341	1,565,315	17	8,474,442
64122 - Contractor Labor	0	0	0	0	0	0	164	(164)	0	689
64123 - Contractor Burden	0	0	0	0	0	0	209	(209)	0	877
64124 - Maintenance-Overhead	0	77	(77)	0	43	0	1,538	(1,538)	0	408
64125 - Major Maintenance - Mat	210,000	250,700	(40,700)	(19)	267,435	1,941,812	1,251,371	690,441	36	2,297,607
64127 - Contract Overhead (co	0	0	0	0	0	0	461	(461)	0	2,765
64130 - Remediation	0	0	0	0	0	0	(19)	19	0	0
64140 - Refuse & Hazardous Waste	46,507	15,899	30,608	66	33,060	427,999	363,921	64,078	15	321,596
Total Maintenance	1,308,809	1,257,951	50,858	4	1,534,668	12,192,934	9,881,513	2,311,421	19	11,869,575
Equipment and Systems										
65100 - Equipment & Systems	12,834	73,195	(60,361)	(470)	99,587	281,129	356,526	(75,396)	(27)	414,513
65101 - OH Contra	(594)	14	(608)	(102)	7,391	(7,978)	(1,375)	(6,602)	(83)	(137)
Total Equipment and Systems	12,240	73,209	(60,969)	(498)	106,978	273,152	355,151	(81,999)	(30)	414,377
Materials and Supplies										
65110 - Office & Operating Suppl	31,029	43,405	(12,376)	(40)	39,531	350,461	389,588	(39,127)	(11)	389,286
65120 - Safety Equipment & Suppl	4,341	1,728	2,614	60	1,829	78,746	62,676	16,069	20	79,901
65130 - Tools - Small	2,170	1,580	590	27	2,399	16,428	47,356	(30,928)	(188)	44,450
65199 - OH Contra	(8,853)	(3,333)	(5,520)	(62)	(3,881)	(67,745)	(23,995)	(43,750)	(65)	(33,391)
Total Materials and Supplies	28,687	43,379	(14,691)	(51)	39,879	377,890	475,626	(97,736)	(26)	480,245
Insurance										
67170 - Insurance - Property	44,725	43,466	1,259	3	40,919	447,250	431,841	15,409	3	409,194
67171 - Insurance - Liability	12,533	11,825	709	6	11,825	125,333	118,248	7,085	6	118,250
67172 - Insurance - Public Offic	17,842	15,034	2,808	16	11,255	179,367	151,290	28,077	16	113,502
67173 - Insurance Miscellaneous	15,275	16,832	(1,557)	(10)	14,598	193,030	222,175	(29,145)	(15)	157,898
Total Insurance	90,375	87,156	3,219	4	78,597	944,980	923,554	21,426	2	798,844

San Diego County Regional Airport Authority
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(Unaudited)

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	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
Employee Development and Suppo										
66120 - Awards - Service	\$11,391	\$11,935	\$(544)	(5)	\$865	\$63,835	\$57,702	\$6,133	10	\$52,623
66130 - Book & Periodicals	3,814	3,279	535	14	8,996	34,849	39,594	(4,744)	(14)	34,956
66220 - Permits/Certificates/Lic	2,542	2,956	(414)	(16)	3,022	155,375	140,034	15,341	10	180,746
66260 - Recruiting	2,181	39,037	(36,856)	(1,690)	(10,388)	89,629	152,205	(62,576)	(70)	121,977
66280 - Seminars & Training	41,543	23,502	18,040	43	40,981	324,591	231,870	92,721	29	310,213
66290 - Transportation	13,272	11,286	1,986	15	12,076	127,566	109,517	18,048	14	116,413
66299 - OH Contra	(8,122)	(114)	(8,008)	(99)	(10,292)	(59,094)	(23,881)	(35,213)	(60)	(36,877)
66305 - Travel-Employee Developm	26,231	21,309	4,922	19	23,823	215,268	198,374	16,894	8	213,392
66310 - Tuition	3,333	2,511	823	25	424	38,333	37,994	340	1	21,054
66320 - Uniforms	8,847	3,791	5,057	57	8,618	64,529	69,063	(4,534)	(7)	43,358
Total Employee Development and Suppo	105,031	119,491	(14,459)	(14)	78,125	1,054,880	1,012,471	42,409	4	1,057,855
Business Development										
66100 - Advertising	69,452	38,188	31,264	45	61,773	455,703	490,273	(34,570)	(8)	687,656
66110 - Allowance for Bad Debts	0	0	0	0	0	7,500	(4,967)	12,467	166	1,735
66200 - Memberships & Dues	53,890	20,414	33,476	62	50,946	393,275	402,990	(9,715)	(2)	374,374
66230 - Postage & Shipping	1,711	(1,156)	2,867	168	420	17,633	16,923	709	4	15,191
66240 - Promotional Activities	793,143	709,757	83,386	11	44,238	1,795,783	1,594,004	201,779	11	494,133
66250 - Promotional Materials	733	1,846	(1,113)	(152)	5,536	23,961	27,881	(3,920)	(16)	75,946
66300 - Travel-Business Developm	12,390	11,476	914	7	8,030	166,344	138,127	28,217	17	166,673
Total Business Development	931,319	780,526	150,793	16	170,942	2,860,198	2,665,231	194,968	7	1,815,709
Equipment Rentals and Repairs										
66140 - Computer Licenses & Agre	12,775	55,632	(42,857)	(335)	44,263	312,250	247,082	65,168	21	322,437
66150 - Equipment Rental/Leasing	32,825	35,059	(2,234)	(7)	37,817	202,607	218,808	(16,201)	(8)	222,624
66160 - Tenant Improvements	80,000	56,547	23,453	29	53,185	710,000	491,365	218,635	31	491,311
66270 - Repairs - Office Equipme	177,431	167,399	10,032	6	183,462	1,773,226	1,709,509	63,718	4	1,789,300
66279 - OH Contra	(2,427)	(11,822)	9,395	387	(2,536)	(167,946)	(113,642)	(54,304)	(32)	(205,831)
Total Equipment Rentals and Repairs	300,604	302,816	(2,211)	(1)	316,190	2,830,137	2,553,122	277,016	10	2,619,841
Total Non-Personnel Expenses	11,019,749	10,784,881	234,868	2	9,390,272	102,945,482	98,913,408	4,032,075	4	95,407,846
Total Departmental Expenses before	14,970,786	14,525,752	445,034	3	14,617,862	142,305,624	137,621,017	4,684,607	3	133,447,654

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Depreciation and Amortization										
69110 - Depreciation Expense	\$9,310,097	\$9,310,097	\$0	0	\$7,691,139	\$86,837,472	\$86,837,472	\$0	0	\$76,474,500
Total Depreciation and Amortization	9,310,097	9,310,097	0	0	7,691,139	86,837,472	86,837,472	0	0	76,474,500
Non-Operating Revenue/(Expense)										
Passenger Facility Charges										
71110 - Passenger Facility Chrg	2,925,835	4,034,604	1,108,769	38	3,117,754	34,334,773	37,203,129	2,868,356	8	33,716,992
Total Passenger Facility Charges	2,925,835	4,034,604	1,108,769	38	3,117,754	34,334,773	37,203,129	2,868,356	8	33,716,992
Customer Facility Charges										
71120 - Customer facility charges (Con	3,445,897	3,733,514	287,616	8	3,672,266	33,239,933	33,602,901	362,968	1	29,720,315
Total Customer Facility Charges	3,445,897	3,733,514	287,616	8	3,672,266	33,239,933	33,602,901	362,968	1	29,720,315
Quieter Home Program										
71212 - Quieter Home - Labor	(41,667)	(29,772)	11,895	29	(9,728)	(416,667)	(238,284)	178,383	43	(69,706)
71213 - Quieter Home - Burden	0	(14,133)	(14,133)	0	(4,129)	0	(106,957)	(106,957)	0	(28,627)
71214 - Quieter Home - Overhead	(20,000)	(20,002)	(2)	0	0	(200,000)	(165,699)	34,301	17	(99,109)
71215 - Quieter Home - Material	(1,763,436)	(1,960,257)	(196,821)	(11)	(185,732)	(10,604,682)	(7,389,422)	3,215,260	30	(1,710,742)
71216 - Quieter Home Program	1,398,991	1,601,836	202,845	14	0	8,601,471	6,162,809	(2,438,662)	(28)	1,103,119
71217 - Contract Labor	0	(15)	(15)	0	0	0	(619)	(619)	0	(53)
71218 - Contractor Burden	0	(19)	(19)	0	0	0	(787)	(787)	0	(68)
71222 - Contractor Labor	0	(1,781)	(1,781)	0	0	0	(17,477)	(17,477)	0	0
71223 - Contractor Burden	0	(2,267)	(2,267)	0	0	0	(22,243)	(22,243)	0	0
71224 - Joint Studies Overhead	0	(1,331)	(1,331)	0	0	0	(7,247)	(7,247)	0	0
71225 - Joint Studies - Material	0	(15,498)	(15,498)	0	0	(100,000)	(22,703)	77,297	77	0
71226 - Contractor Overhead	0	471	471	0	0	0	(26,335)	(26,335)	0	0
Total Quieter Home Program	(426,112)	(442,768)	(16,656)	(4)	(199,588)	(2,719,877)	(1,834,963)	884,914	33	(805,187)

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	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
Interest Income										
71310 - Interest - Investments	\$524,932	\$451,468	\$(73,464)	(14)	\$486,438	\$5,910,988	\$5,215,081	\$(695,907)	(12)	\$3,826,621
71340 - Interest - Note Receivab	152,357	152,357	0	0	160,391	1,575,140	1,575,140	0	0	1,654,896
71350 - Interest - Other	0	0	0	0	0	0	(2,705)	(2,705)	0	3,425
71361 - Interest Income - 2010 Bonds	0	85,533	85,533	0	71,133	0	643,615	643,615	0	471,023
71363 - Interest Income - 2013 Bonds	0	58,161	58,161	0	68,168	0	437,926	437,926	0	346,641
71364 - Interest Income - 2017 Bond A	0	317,469	317,469	0	0	0	2,438,849	2,438,849	0	0
71365 - Interest Income - 2014 Bond A	0	53,813	53,813	0	41,512	0	433,531	433,531	0	297,522
Total Interest Income	677,289	1,118,801	441,512	65	827,642	7,486,129	10,741,438	3,255,309	43	6,600,128
Interest income BAB's rebate										
71362 - BAB interest rebate	388,017	388,849	833	0	385,851	3,880,166	3,888,492	8,327	0	3,869,006
Total Interest income BAB's rebate	388,017	388,849	833	0	385,851	3,880,166	3,888,492	8,327	0	3,869,006
Interest Expense										
71411 - Interest Expense- 2010 Bonds	(2,521,646)	(2,521,646)	0	0	(2,559,687)	(25,216,457)	(25,216,457)	0	0	(25,596,874)
71412 - Interest Expense 2013 Bonds	(1,521,979)	(1,521,979)	0	0	(1,529,163)	(15,219,792)	(15,219,792)	0	0	(15,291,625)
71413 - Interest Expense 2014 Bond A	(1,361,768)	(1,361,768)	0	0	(1,361,768)	(13,617,675)	(13,617,675)	0	0	(13,617,675)
71414 - Interest Expense 2017 Bond A	(1,250,229)	(1,211,442)	38,788	3	0	(11,252,063)	(10,822,212)	429,851	4	0
71420 - Interest Expense-Variable Debt	(38,953)	(47,494)	(8,540)	(22)	(57,674)	(389,533)	(463,645)	(74,112)	(19)	(396,647)
71430 - LOC Fees - C/P	(34,724)	(80,067)	(45,343)	(131)	(19,618)	(456,216)	(387,047)	69,169	15	(250,782)
71450 - Trustee Fee Bonds	0	0	0	0	(1,625)	(23,800)	(3,342)	20,458	86	(14,411)
71451 - Program Fees - Variable Debt	0	0	0	0	0	(5,000)	(3,300)	1,700	34	0
71458 - Capitalized Interest	0	544,911	544,911	0	452,410	0	5,392,313	5,392,313	0	4,549,537
71460 - Interest Expense - Other	0	(1,800)	(1,800)	0	(55,300)	(1,989,435)	(1,485,523)	503,912	25	(70,300)
71461 - Interest Expense - Cap Leases	(53,899)	(53,899)	0	0	(55,572)	(545,403)	(545,403)	0	0	(561,576)
Total Interest Expense	(6,783,198)	(6,255,183)	528,015	8	(5,187,996)	(68,715,374)	(62,372,083)	6,343,291	9	(51,250,352)
Amortization										
69210 - Amortization - Premium	335,940	481,127	145,187	43	343,857	3,389,374	4,727,220	1,337,846	39	3,467,343
Total Amortization	335,940	481,127	145,187	43	343,857	3,389,374	4,727,220	1,337,846	39	3,467,343

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Other Non-Operating Income (Expense)										
71510 - Legal Settlement Income	\$0	\$0	\$0	0	\$0	\$0	\$58,394	\$58,394	0	\$0
71521 - Fixed Asset Disposal - L	0	(276,922)	(276,922)	0	0	0	(276,922)	(276,922)	0	0
71530 - Gain/Loss On Investments	0	(902,332)	(902,332)	0	32,656	0	(4,450,740)	(4,450,740)	0	(2,180,465)
71540 - Discounts Earned	0	0	0	0	0	0	9,222	9,222	0	18,703
71610 - Legal Settlement Expense	(1,000)	0	1,000	100	0	(8,000)	0	8,000	100	(9,500)
71620 - Other non-operating revenue (e	0	0	0	0	29,541	0	41,550	41,550	0	121,490
71630 - Other Non-Operating Expe	0	0	0	0	0	0	(16,751)	(16,751)	0	2,000
73300 - DMJM and Auth OH Clearin	0	(200)	(200)	0	0	0	0	0	0	0
Total Other Non-Operating Income (Expense)	(1,000)	(1,179,453)	(1,178,453)	117,845)	62,197	(8,000)	(4,635,247)	(4,627,247)	(57,841)	(2,047,771)
Total Non-Operating Revenue/(Expense)	562,668	1,879,491	1,316,823	234	(3,021,983)	10,887,123	21,320,887	10,433,764	96	(23,270,473)
Capital Grant Contribution										
72100 - AIP Grants	1,050,417	1,040,419	(9,998)	(1)	126,045	6,192,917	8,764,215	2,571,298	42	1,661,928
Total Capital Grant Contribution	1,050,417	1,040,419	(9,998)	(1)	126,045	6,192,917	8,764,215	2,571,298	42	1,661,928
Total Expenses Net of Non-Operating Revenue/ (Expense)	22,667,798	20,915,939	1,751,859	8	19,160,974	212,063,056	194,373,387	17,689,668	8	184,989,753
Net Income/(Loss)	(1,701,616)	1,901,933	3,603,549	212	2,300,775	(260,419)	25,722,551	25,982,970	9,977	21,695,285
Equipment Outlay										
73200 - Equipment Outlay Expendi	(450,000)	(426,582)	23,418	5	(112,940)	(1,136,000)	(752,372)	383,628	34	(1,010,504)
73299 - Capitalized Equipment Co	0	426,582	426,582	0	112,940	0	752,372	752,372	0	1,010,504
Total Equipment Outlay	(450,000)	0	450,000	100	0	(1,136,000)	0	1,136,000	100	0



SAN DIEGO
INTERNATIONAL AIRPORT

LET'S **GO.**

Review of the Unaudited Financial Statements for the Ten Months Ended April 30, 2018 and 2017

Presented by:

Scott Brickner, CPA

Vice President, Finance and Asset Management/Treasurer

Kathy Kiefer

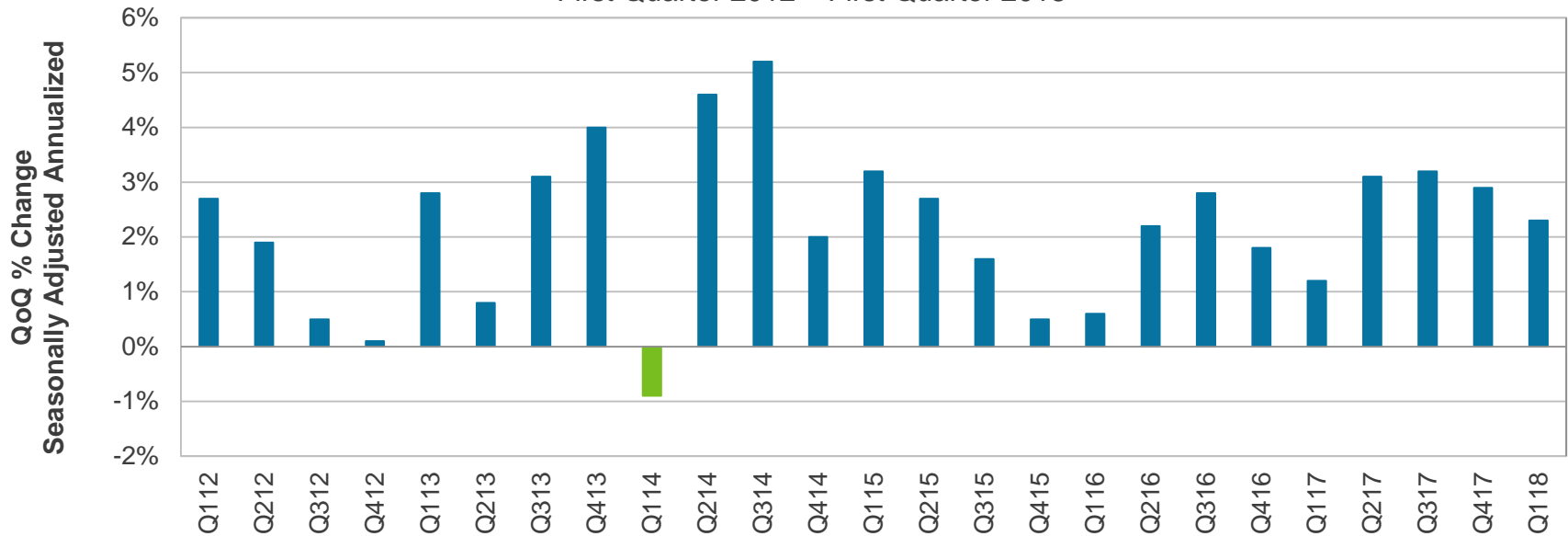
Senior Director, Finance & Asset Management

May 24, 2018

First Quarter GDP

First quarter GDP growth exceeded expectations according to the advance estimate, up 2.3% versus expectations of 2.0%. Consumer spending was more subdued in the first quarter but was still favorable. GDP growth is expected to be stronger in the current quarter and second half of the year, compared with the first quarter. We expect overall GDP growth of 2.5%-3.0% for the full year, driven by ongoing labor market strength and a tailwind from tax reform.

U.S. Gross Domestic Product (QoQ)
First Quarter 2012 – First Quarter 2018

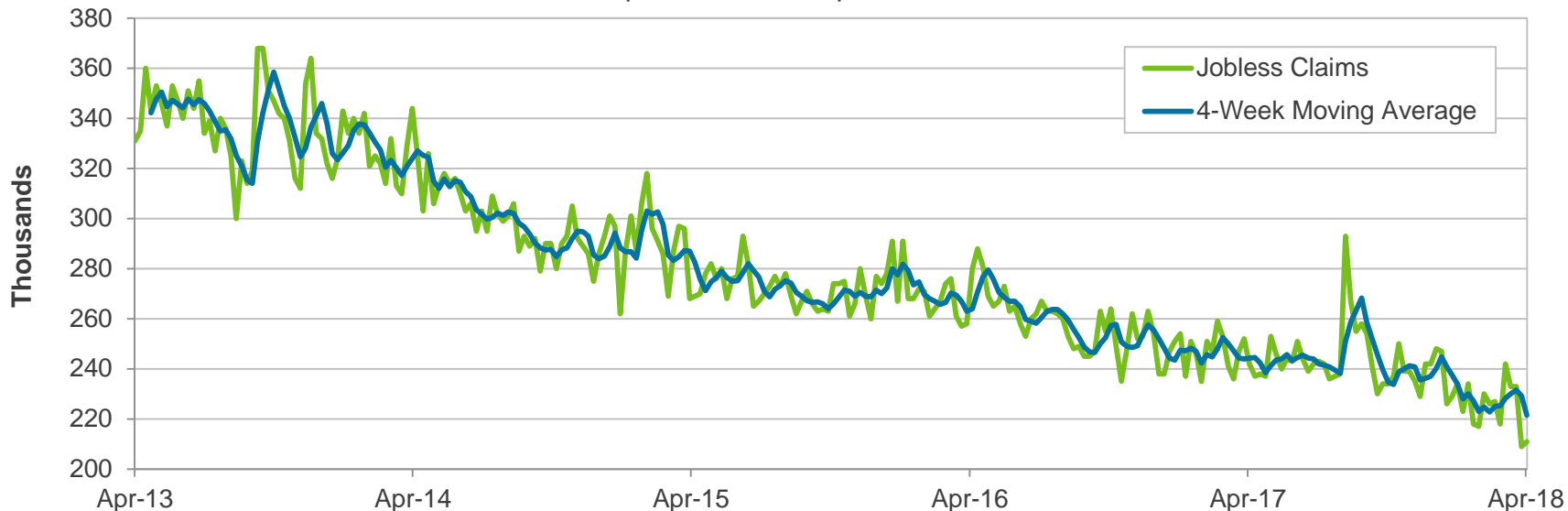


Initial Claims For Unemployment

For the week ending April 28, initial jobless claims increased by 2,000 to 211,000. The 4-week moving average decreased by 7,750 to 221,500. Jobless claims reflect strong demand for labor and are consistent with a healthy labor market.

Initial Jobless Claims and 4-Week Moving Average

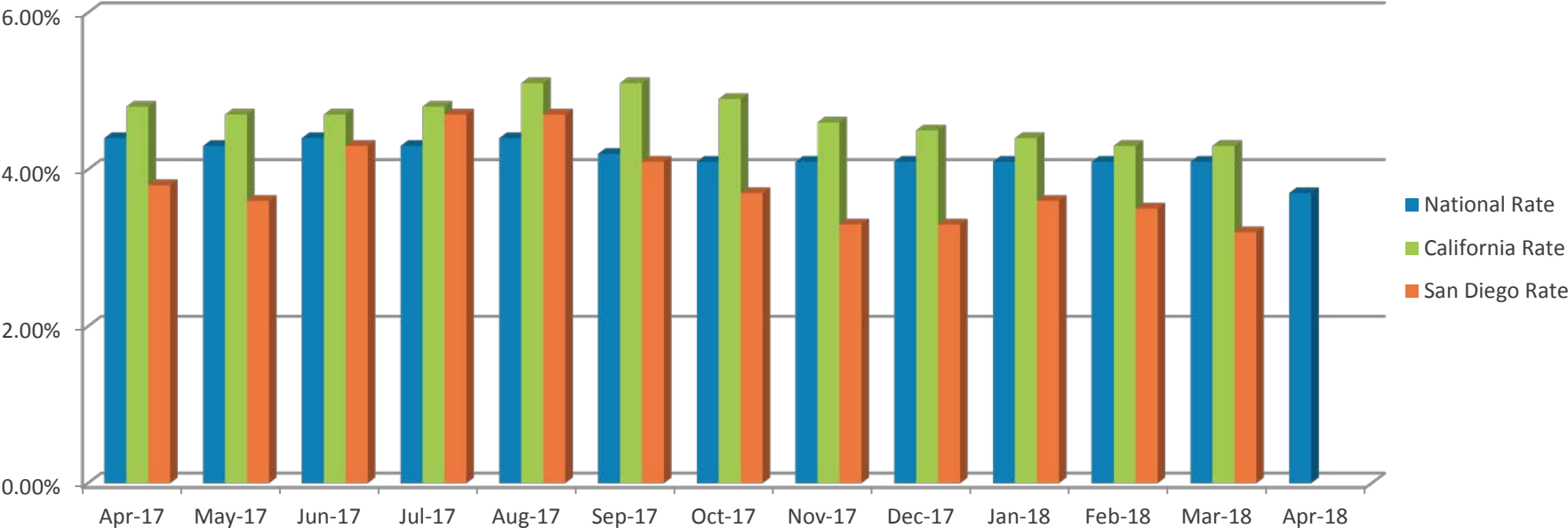
April 26, 2013 – April 27, 2018



Unemployment Rates

The National unemployment rate lowered to 3.7 percent in April, down from 4.1 percent in March. The National U-6 rate also lowered from 8.0 percent in March to 7.8 percent in April. The California and San Diego rates have not yet been released.

Unemployment Rates



Source: US Dept of Labor, CA EDD

Consumer Price Index

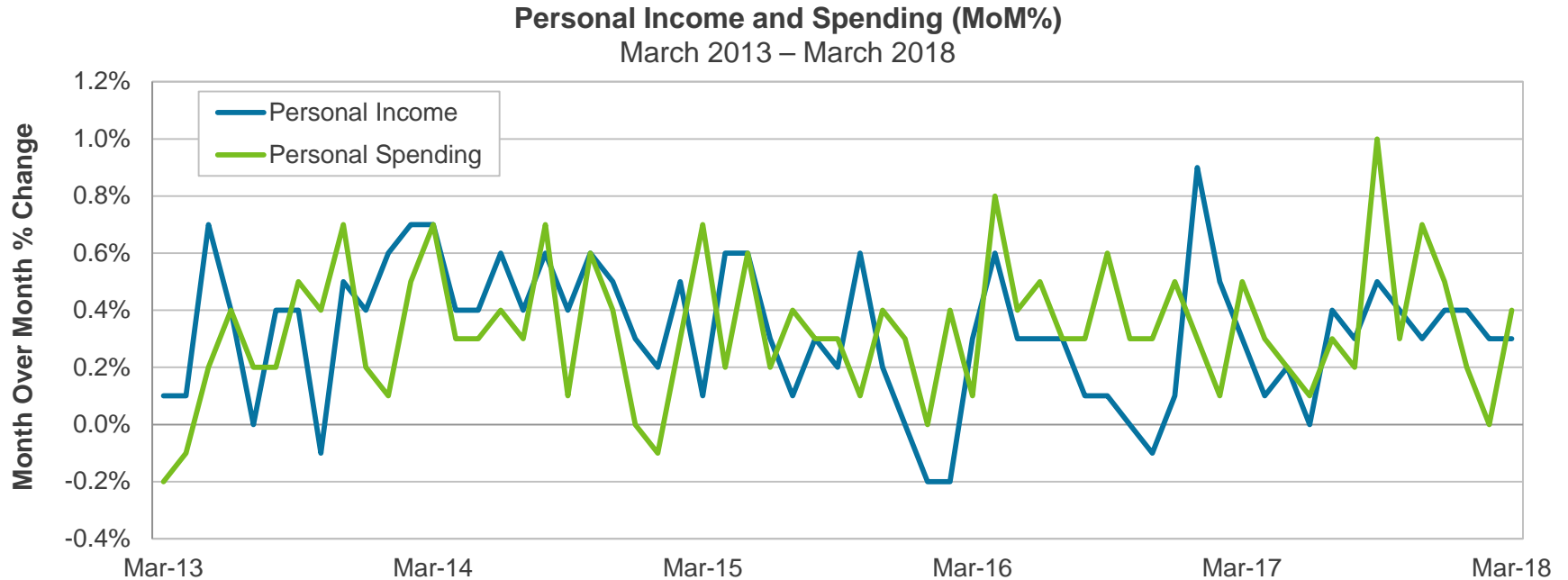
The Consumer Price Index (CPI) was up 2.4% year-over-year in March, up from 2.2% in February. Core CPI (CPI less food and energy) was up 2.1% year-over-year in March, up from 1.8% in February.

Consumer Price Index (YoY%)
March 2013 – March 2018



Personal Income and Spending

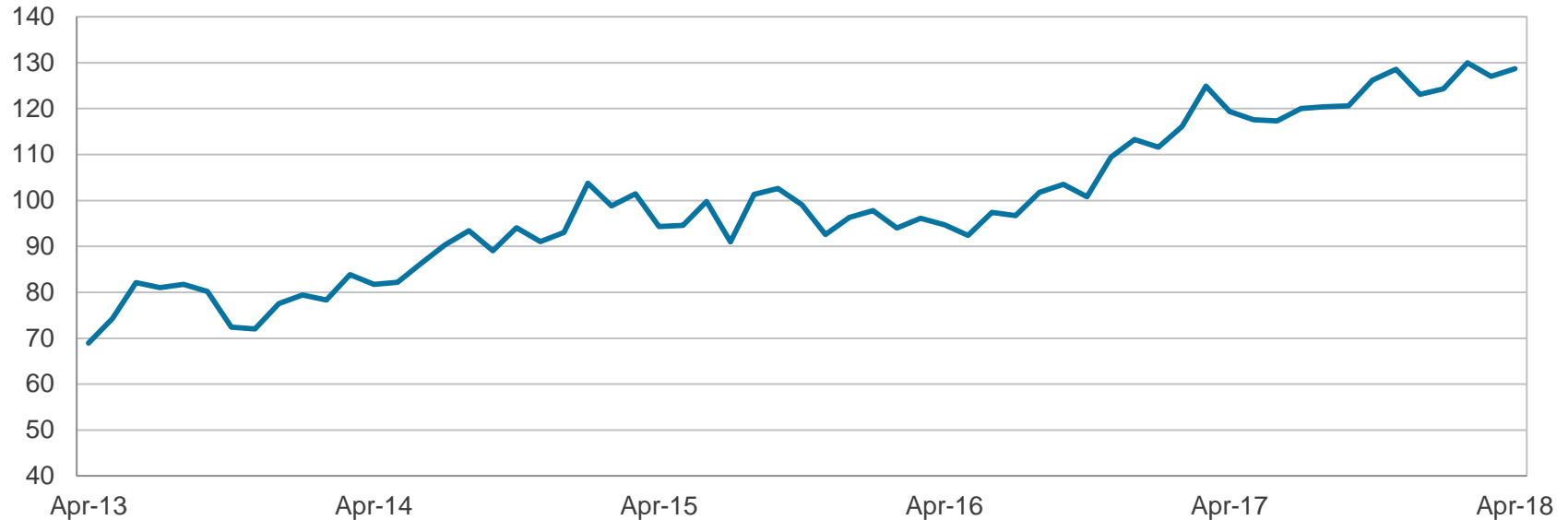
Personal income rose by 0.3% in March, slightly below expectations, due in part to softness in wages & salaries. Consumer spending increased by 0.4% in the month, in line with expectations.



Consumer Confidence Index

The Consumer Confidence Index remained robust at 128.7 in April versus 127.0 in March. Despite ongoing strength in the labor market and a very high level of consumer confidence, consumer spending remains modest.

Consumer Confidence Index
April 2013 – April 2018



Existing Home Sales

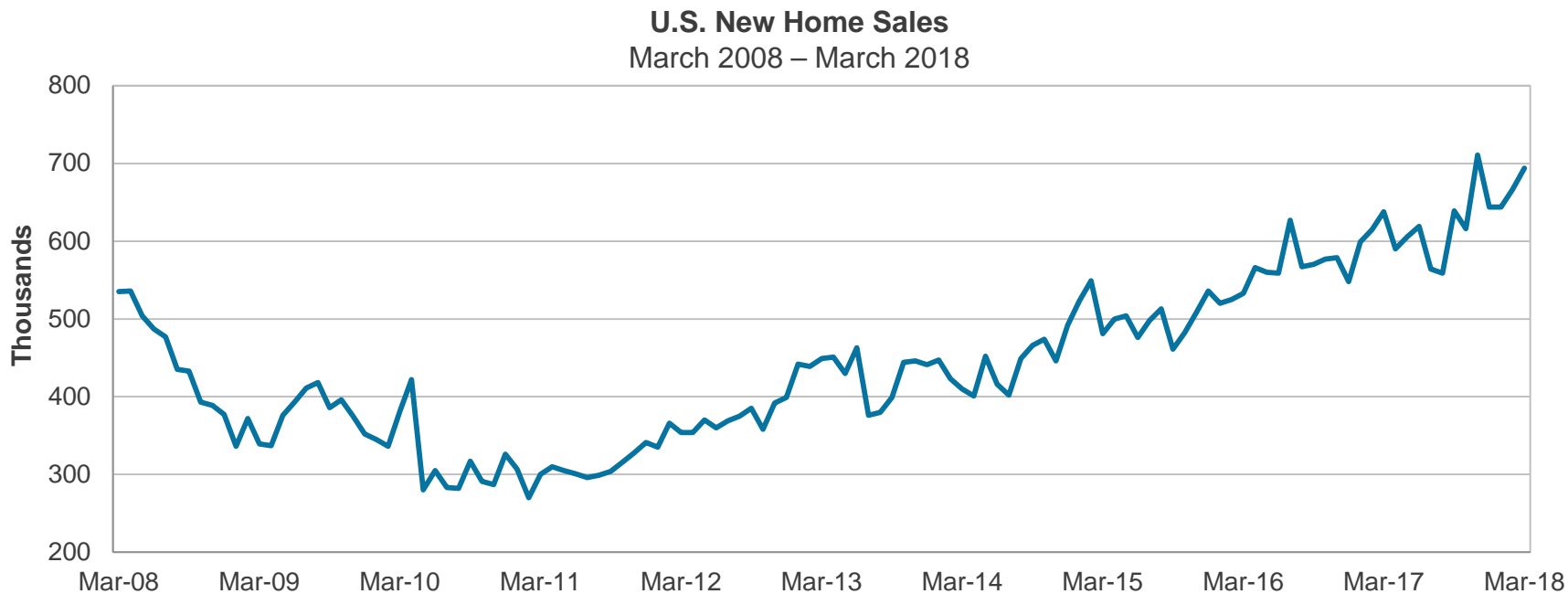
Existing home sales rose 1.1% in March to a seasonally adjusted rate of 5.600 million units. Increased supply helped provide a boost to sales. However, on a year-over-year basis, sales of existing homes were down 1.2%.

U.S. Existing Home Sales (MoM)
March 2008 – March 2018



New Home Sales

New home sales increased in March to an annualized rate of 694,000 units from an upwardly-revised annualized rate of 667,000 in February. Prices also remained firm. The supply of homes on the market was unchanged.



Crude Oil Prices

U.S. West Texas Intermediate (WTI) crude settled at \$70.73 per barrel on May 7, above its 30-day average of \$67.95 and its 12-month average of \$55.28. The recent increase in oil prices has been driven in part by concerns about whether the US would pull out of the Iran nuclear deal and reinstate sanctions on Iran's oil production. On May 8th, President Trump announced that the US will withdraw from the deal and impose sanctions on Iran, though the details regarding the sanctions and timing remain unclear. The Energy Information Administration is forecasting an average WTI crude oil spot price of \$66/b in 2018 and \$61/b 2019. These forecasts were published a few hours before the President's announcement.

West Texas Intermediate Oil Price Per Barrel (WTI Spot)

May 8, 2013 – May 8, 2018



Jet Fuel Prices

Jet fuel (U.S. Gulf Coast Spot) closed at \$2.129 per gallon on May 7, which was above its 30-day average of \$2.060 and its 12-month average of \$1.709.

U.S. Gulf Coast Kerosene-Type Jet Fuel Spot Price FOB

May 8, 2013 – May 8, 2018

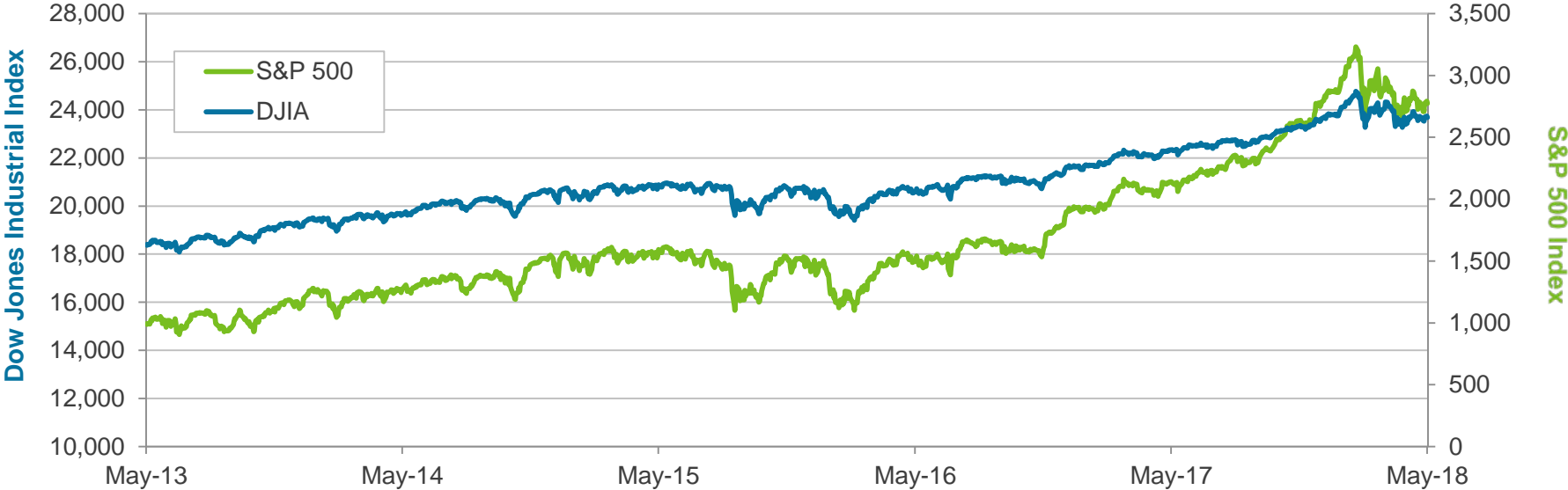


U.S. Equity Markets

U.S. equity markets have been volatile since the end of January, following a long period of low volatility. Year-to-date, the DJIA is down more than 1.5% and the S&P 500 index is roughly flat. We believe uncertainty about the pace of monetary policy normalization, inflation, economic growth, and global trade has fueled the volatility and we expect equities markets to remain volatile over the near-term. Nevertheless, we expect risk assets to end the year in positive territory.

Dow Jones Industrial Average (DJIA) and S&P 500 Indices

May 8, 2013 – May 8, 2018



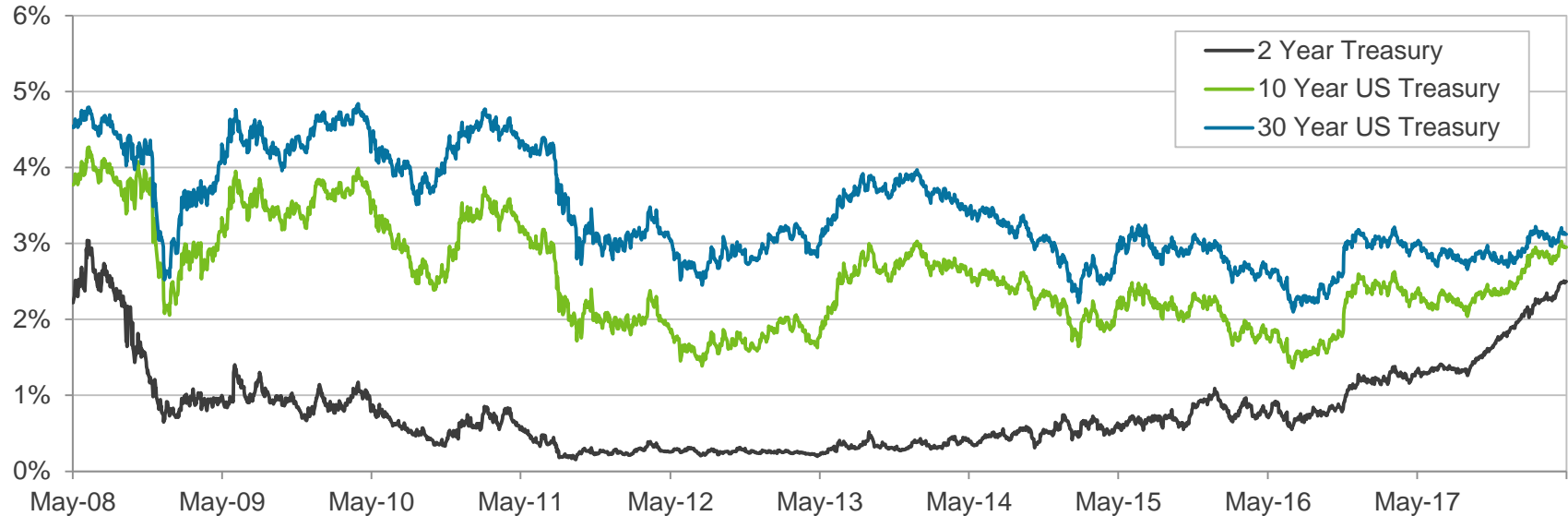
Source: Bloomberg.

Treasury Yield History

Rate hikes by the Federal Reserve have put upward pressure on shorter-term rates, while supply and demand imbalances, technical factors, and subdued inflation expectations have kept longer rates relatively contained. However, in recent months, financial market volatility has increased and Treasury yields across the curve have increased. We believe easing demand for longer-term Treasuries coupled with increased issuance has partially fueled the recent increase in longer rates. The yield curve remains quite flat by historical standards.

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

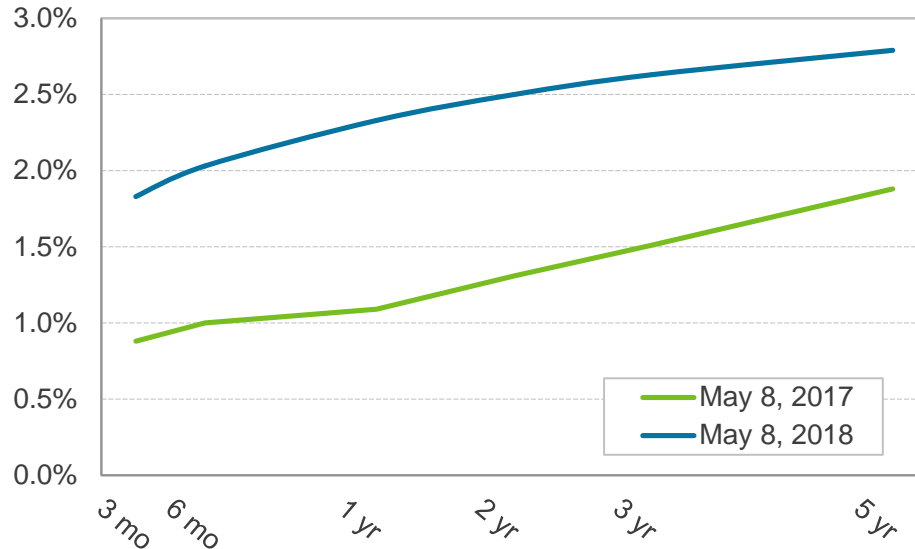
May 8, 2008 – May 8, 2018



U.S. Treasury Yield Curve


Year-over-year, shorter-term Treasury yields have increased more than longer-term Treasury yields, leading to a flatter Treasury yield curve. The spread between 2-year and 10-year Treasuries is currently less than 50 basis points, compared to a spread of over 100 basis points at this time last year. The Fed has raised the fed funds target rate by 100 basis points since March 16, 2017, which has fueled the increase in shorter-term rates. All else being equal, we believe the Fed's plan to normalize the balance sheet will help promote a steeper yield curve later this year. Increased issuance by the Treasury to fund the growing fiscal deficit is also likely to drive longer-term yields higher, however, that may be partially offset by ongoing monetary policy normalization which typically causes the curve to flatten.

U.S. Treasury Yield Curve
May 8, 2017 versus May 8, 2018



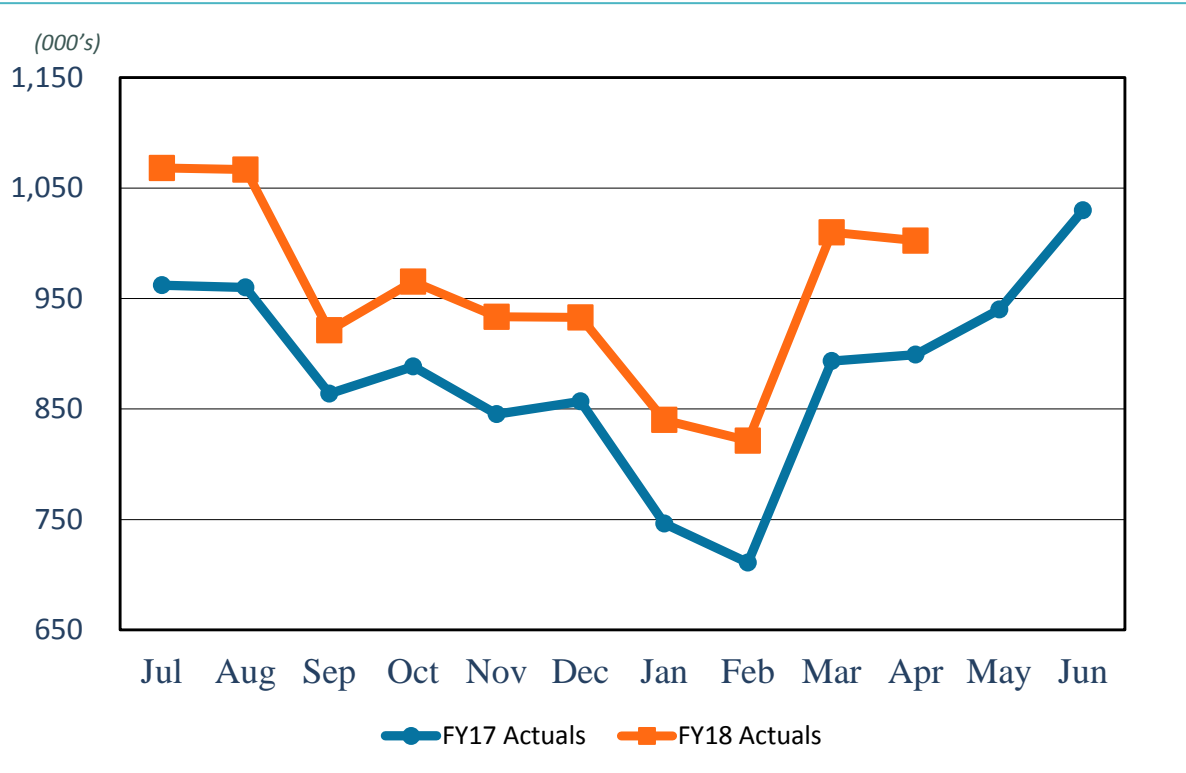
Source: Bloomberg.

	5/8/17	5/8/18	Change
3-Mo.	0.88%	1.83%	0.94%
6-Mo.	1.00%	2.03%	1.02%
1-Yr.	1.09%	2.23%	1.14%
2-Yr.	1.31%	2.50%	1.19%
3-Yr.	1.51%	2.63%	1.13%
5-Yr.	1.88%	2.79%	0.91%
10-Yr.	2.35%	2.95%	0.60%
30-Yr.	2.98%	3.12%	0.14%



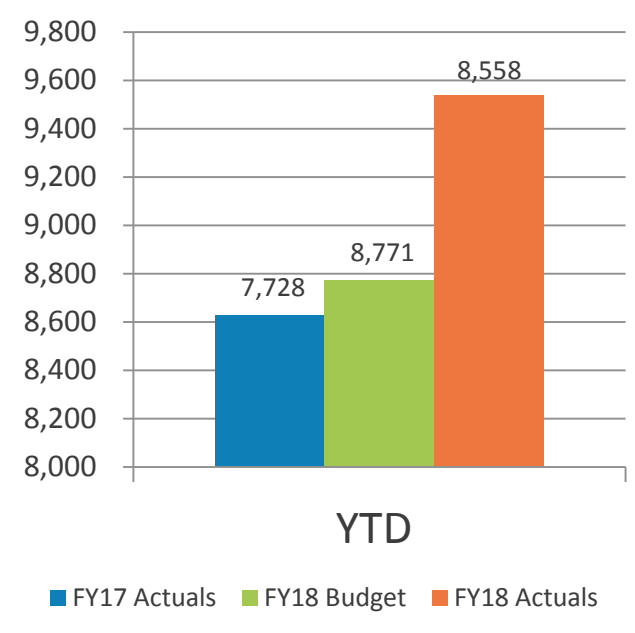
Revenue & Expenses (Unaudited) For the Month Ended April 30, 2018 and 2017

Enplanements

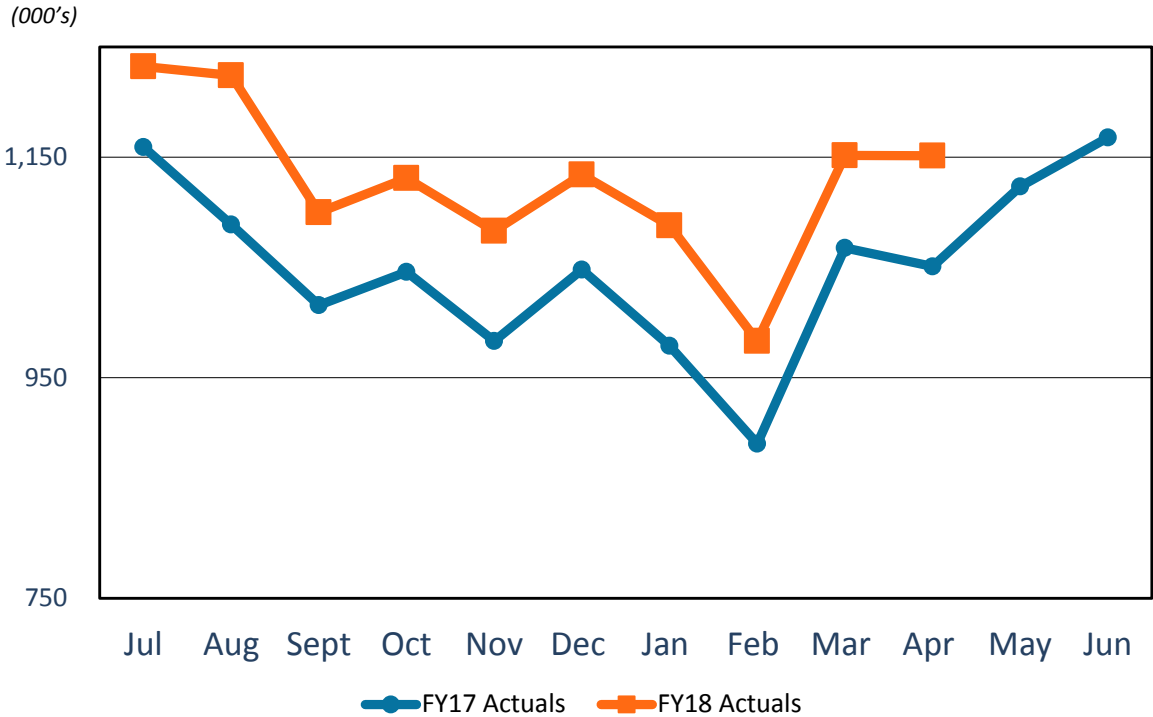


FY18 YTD Act Vs.
FY17 YTD Act
10.8%

FY18 YTD Act Vs.
FY18 YTD Budget
9.0%

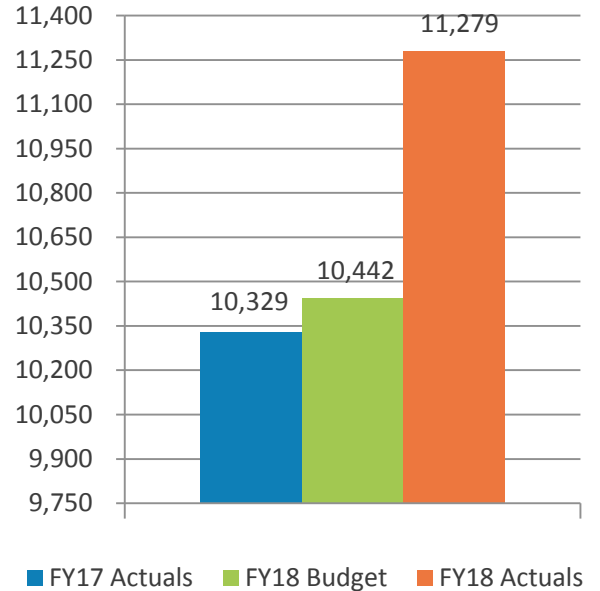


Gross Landing Weight Units (000 lbs)

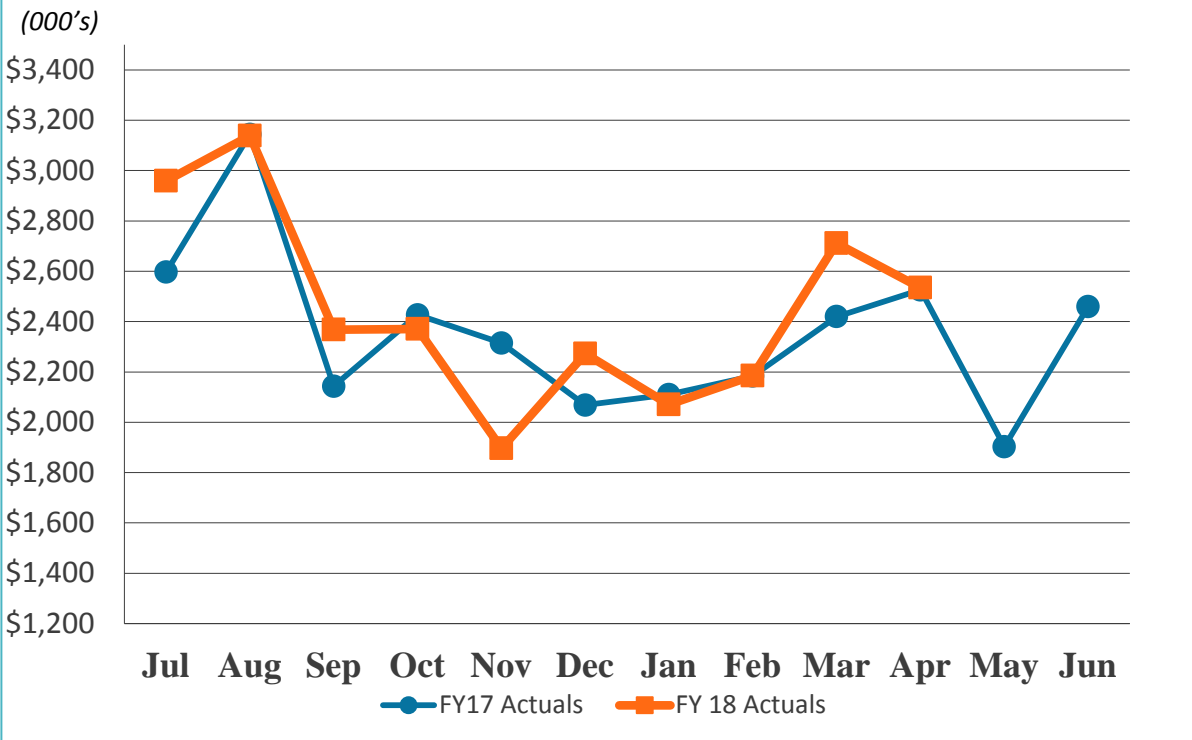


FY18 YTD Act Vs.
FY17 YTD Act
9.2%

FY18 YTD Act Vs.
FY18 YTD Budget
8.0%

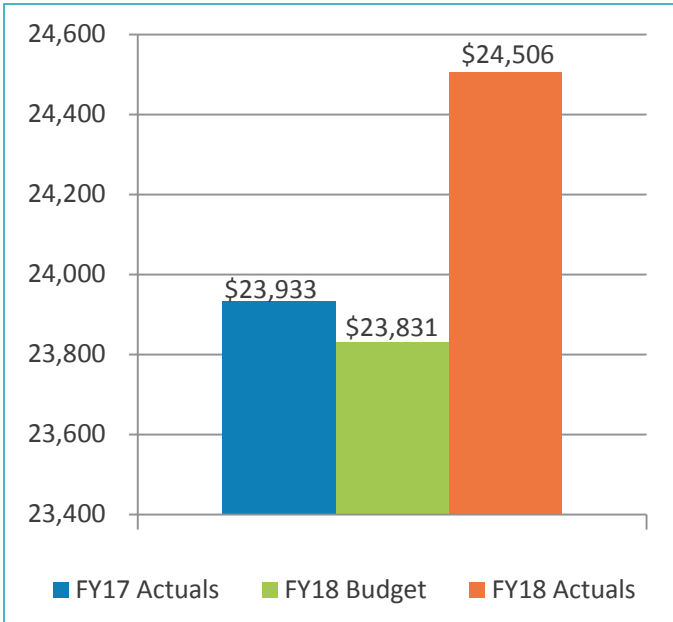


Car Rental License Fees

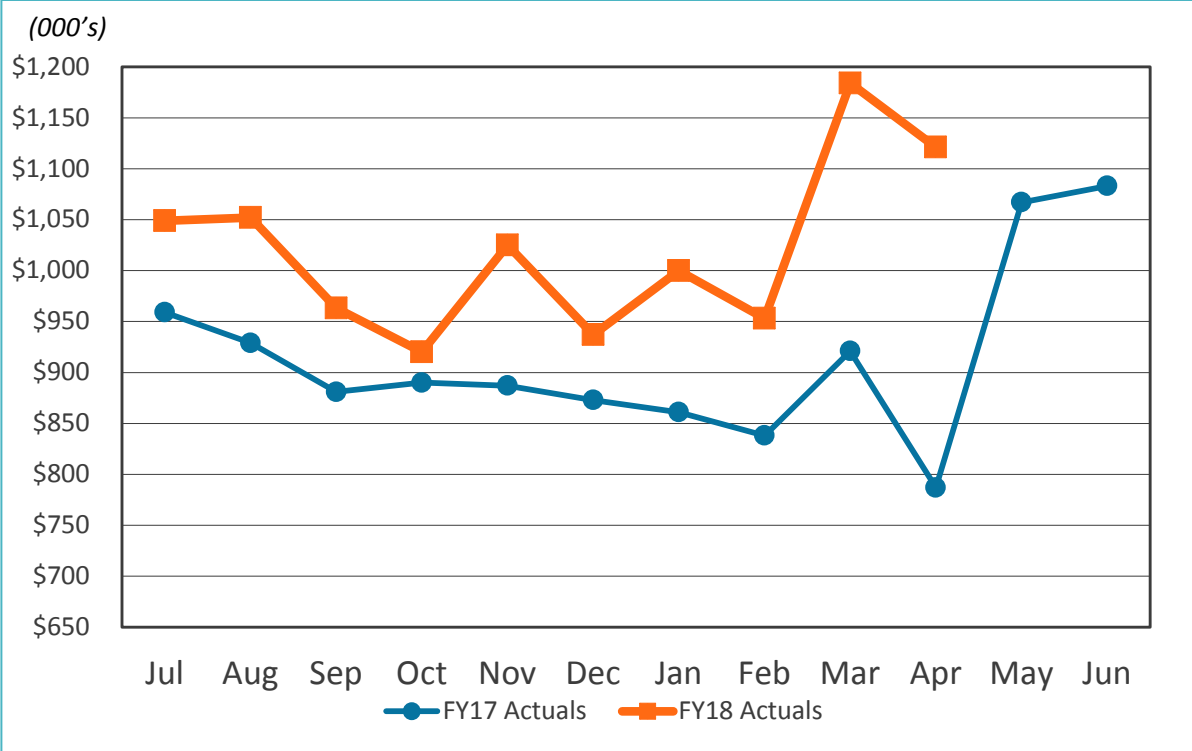


FY18 YTD Act Vs.
FY17 YTD Act
2.4%

FY18 YTD Act Vs.
FY18 YTD Budget
2.8%

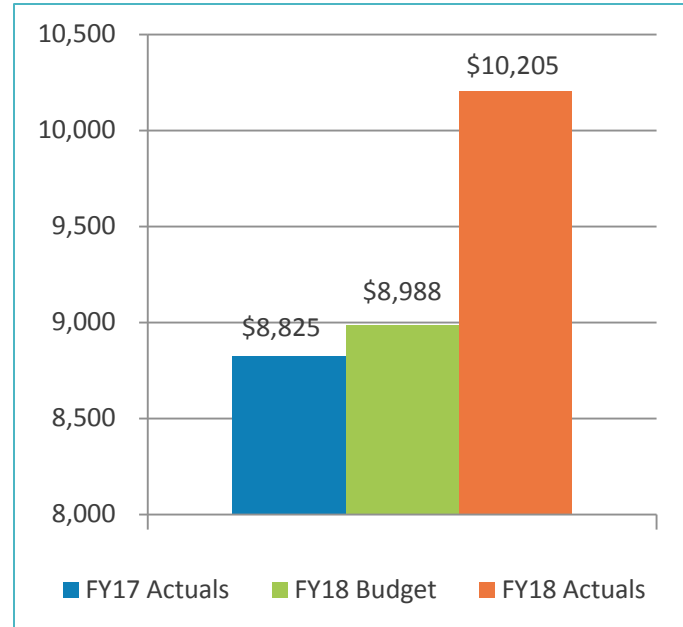


Food and Beverage Concessions Revenue

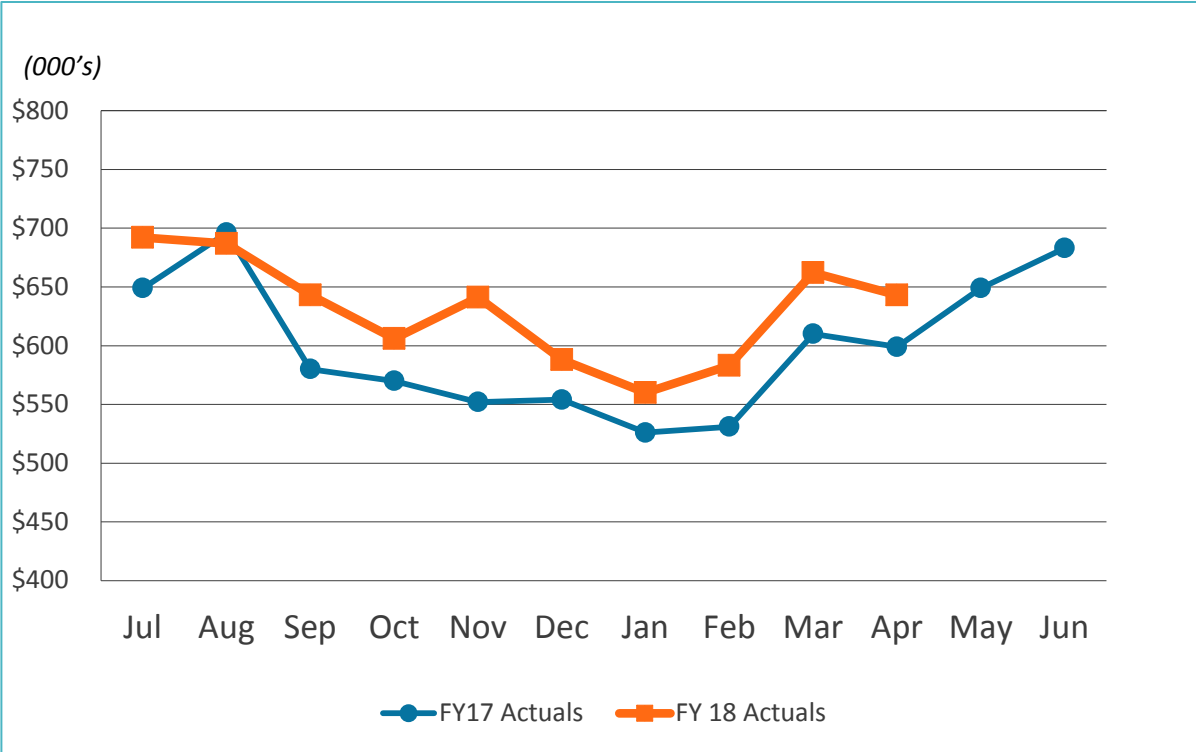


FY18 YTD Act Vs.
FY17 YTD Act
15.6%

FY18 YTD Act Vs.
FY18 YTD Budget
13.5%

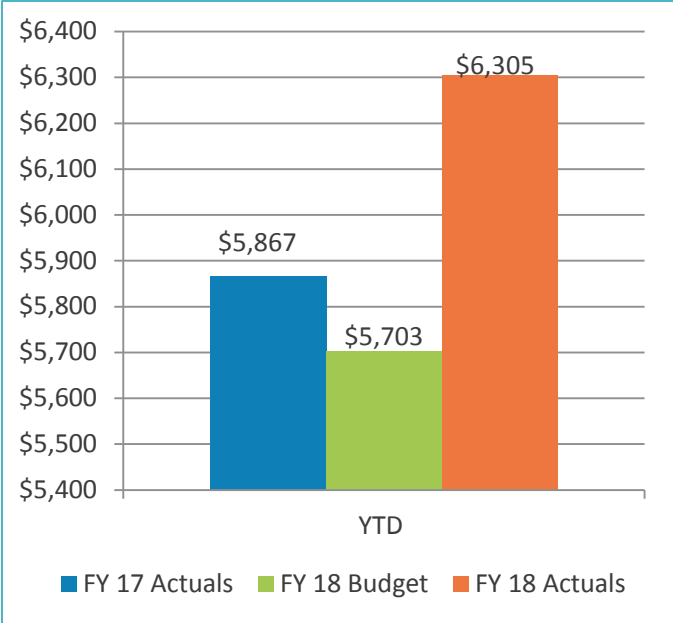


Retail Concessions Revenue

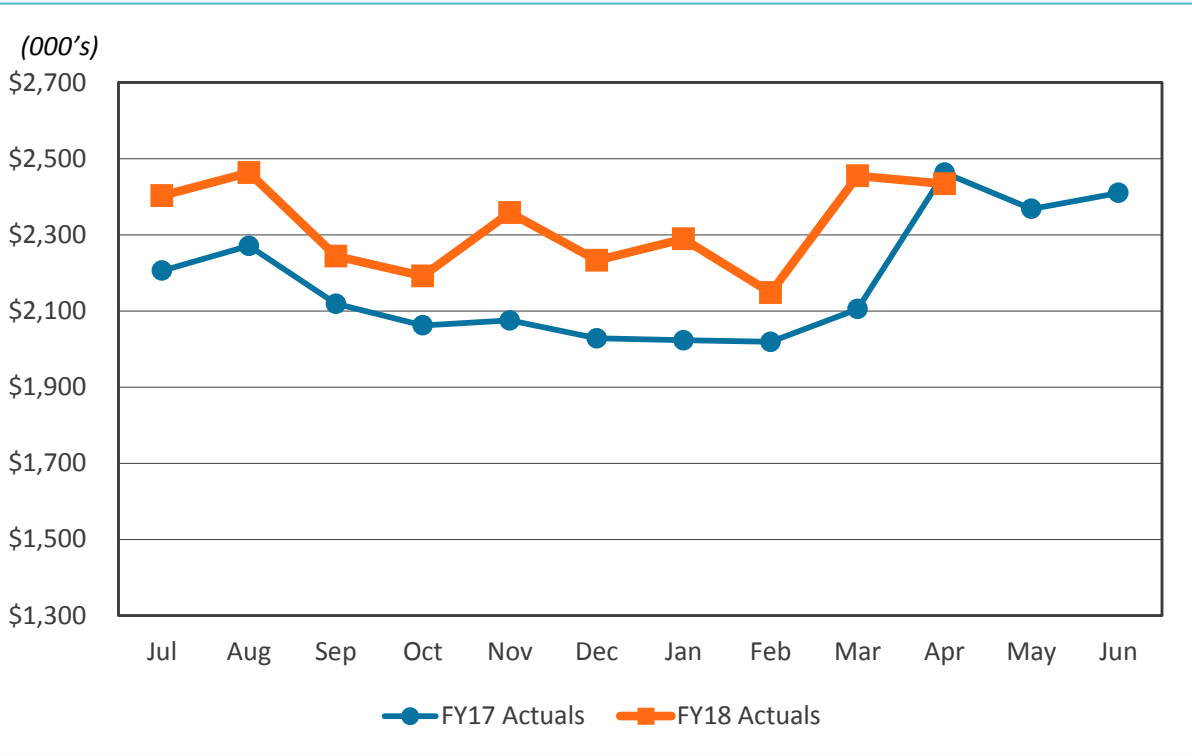


FY18 YTD Act Vs.
FY17 YTD Act
7.5%

FY18 YTD Act Vs.
FY18 YTD Budget
10.5%

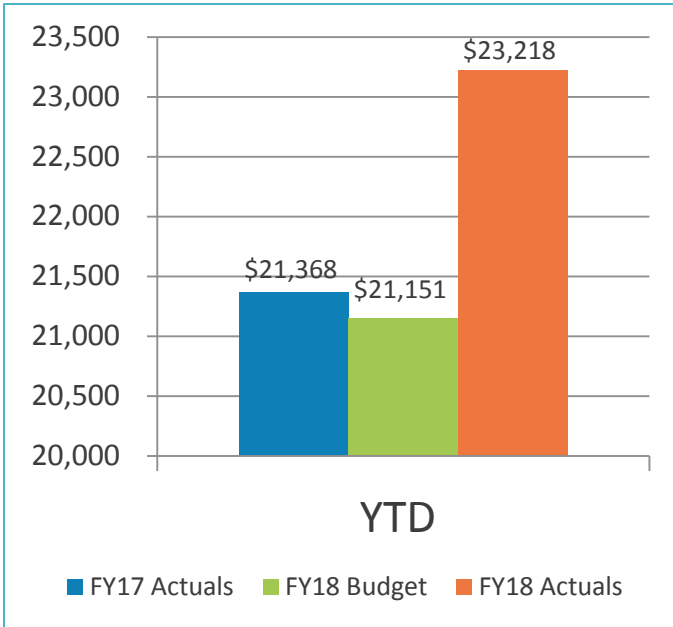


Total Terminal Concessions (Includes Cost Recovery)

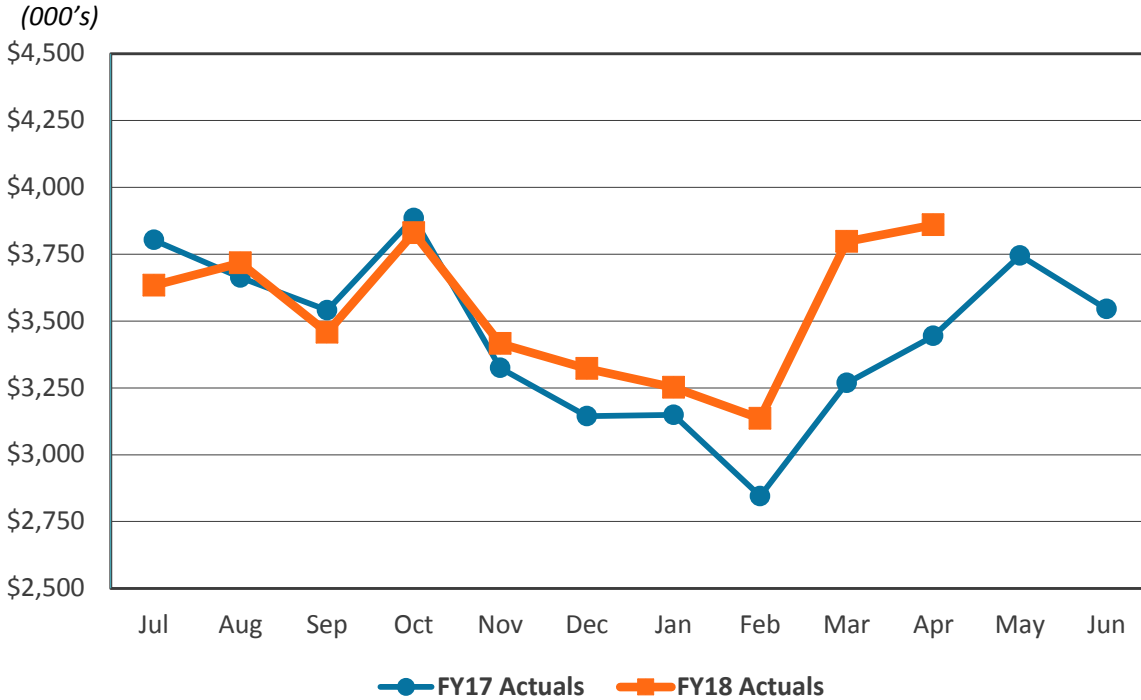


FY18 YTD Act Vs.
FY17 YTD Act
8.6%

FY18 YTD Act Vs.
FY18 YTD Budget
9.7%

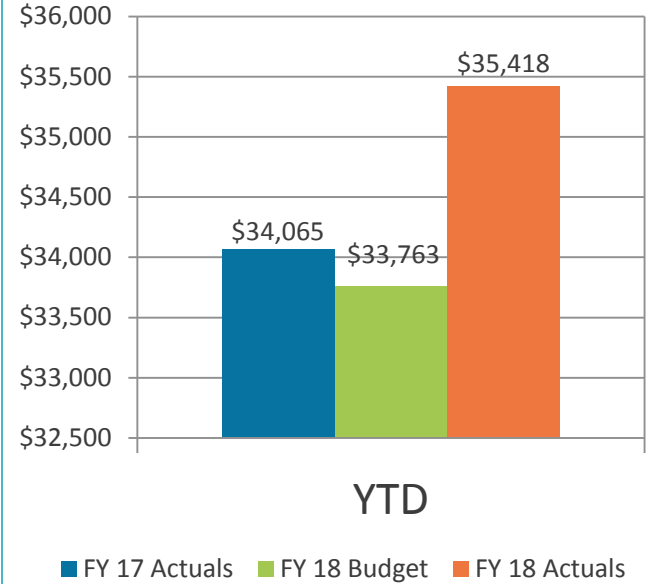


Parking Revenue



FY18 YTD Act Vs.
FY17 YTD Act
3.9%

FY18 YTD Act Vs.
FY18 YTD Budget
4.9%



Operating Revenues

for the Month Ended April 30, 2018 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
Aviation revenue:					
Landing fees	\$ 2,313	\$ 2,329	\$ 16	1%	\$ 2,296
Aircraft parking fees	252	272	20	8%	242
Building rentals	4,898	5,023	125	3%	4,613
Security surcharge	2,737	2,754	17	1%	2,487
CUPPS Support Charges	117	118	1	1%	104
Other aviation revenue	17	17	-	-	134
Total aviation revenue	\$ 10,334	\$ 10,513	\$ 179	2%	\$ 9,876

Operating Revenues

for the Month Ended April 30, 2018 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Terminal rent non-airline	\$ 132	\$ 179	\$ 47	36%	\$ 133
Concession revenue:					
Terminal concession revenue:					
Food and beverage	912	1,121	209	23%	787
Retail	581	643	62	11%	599
Space storage	73	78	5	7%	73
Cost recovery	260	250	(10)	(4)%	212
Other (Primarily advertising)	326	342	16	5%	792
Total terminal concession revenue	2,152	2,434	282	13%	2,463
Car rental and license fee revenue:					
Rental car and license fees	2,445	2,534	89	4%	2,526
Rental car center cost recovery	144	141	(3)	(2)%	188
License fees-other	383	449	66	17%	398
Total rental car and license fees	2,972	3,124	152	5%	3,112
Total concession revenue	\$ 5,124	\$ 5,558	\$ 434	8%	\$ 5,576

Operating Revenues

for the Month Ended April 30, 2018 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
Parking revenue:					
Short-term parking revenue	\$ 1,643	\$ 2,040	\$ 397	24%	\$ 1,964
Long-term parking revenue	1,460	1,820	360	25%	1,481
Total parking revenue	3,103	3,860	757	24%	3,445
Ground transportation permits and citations	586	888	302	52%	722
Ground rentals	1,623	1,648	25	2%	1,536
Grant reimbursements	-	66	66	-	-
Other operating revenue	64	108	44	68%	176
Subtotal	5,376	6,570	1,194	22%	5,879
Total operating revenues	\$ 20,966	\$ 22,820	\$ 1,854	9%	\$21,464

Operating Expenses

for the Month Ended April 30, 2018 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating expenses:					
Salaries and benefits	\$ 3,951	\$ 3,741	\$ 210	5%	\$ 5,228
Contractual services	3,897	3,777	120	3%	3,472
Safety and security	2,495	2,424	71	3%	2,248
Space rental	850	851	(1)	-	850
Utilities	1,000	1,069	(69)	(7)%	495
Maintenance	1,309	1,258	51	4%	1,535
Equipment and systems	12	73	(61)	(498)%	107
Materials and supplies	29	43	(14)	(48)%	40
Insurance	90	87	3	4%	79
Employee development and support	105	119	(14)	(14)%	78
Business development	931	781	150	16%	171
Equipment rental and repairs	301	303	(2)	(1)%	316
Total operating expenses	\$ 14,970	\$ 14,526	\$ 444	3%	\$14,619

Net Operating Income (Loss) Summary

for the Month Ended April 30, 2018 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 20,966	\$ 22,820	\$ 1,854	9%	\$21,464
Total operating expenses	14,970	14,526	444	3%	14,619
Income from operations	5,996	8,294	2,298	38%	6,845
Depreciation	9,310	9,310	-	-	7,691
Operating income (loss)	\$ (3,315)	\$ (1,016)	\$ 2,298	69%	\$ (846)

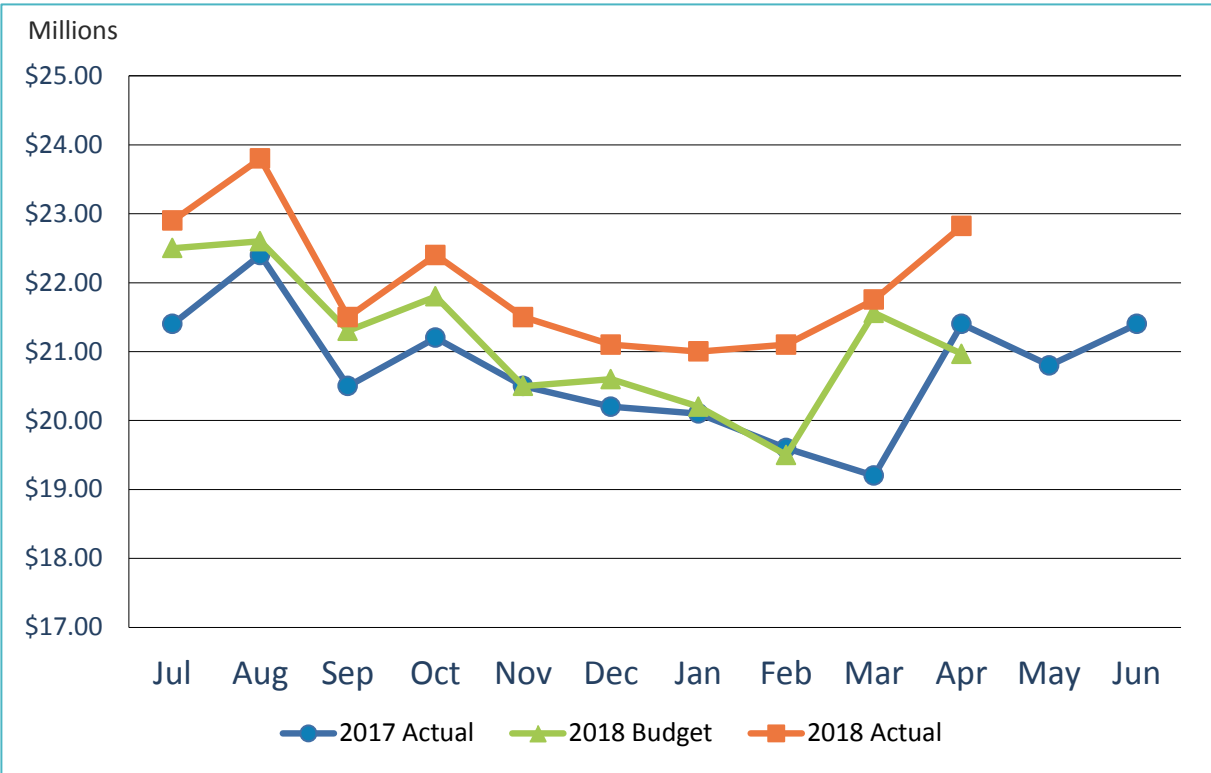
Nonoperating Revenues & Expenses for the Month Ended April 30, 2018 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Nonoperating revenues (expenses):					
Passenger facility charges	\$ 2,926	\$ 4,035	\$ 1,109	38%	\$ 3,118
Customer facility charges (Rental Car Center)	3,446	3,734	288	8%	3,672
Quieter Home Program, net	(426)	(443)	(17)	(4)%	(200)
Interest income	677	1,119	442	65%	828
BAB interest rebate	388	389	1	-	386
Interest expense & debt issuance costs	(6,783)	(6,255)	528	8%	(5,188)
Bond amortization	336	481	145	43%	344
Other nonoperating revenue (expenses)	(1)	(1,179)	(1,178)	-	62
Nonoperating revenue, net	563	1,881	1,318	234%	3,022
Change in net position before grant contributions	(2,752)	865	3,616	131%	2,176
Capital grant contributions	1,050	1,040	(10)	(1)%	126
Change in net position	\$ (1,701)	\$ 1,905	\$ 3,606	212%	\$ 2,302



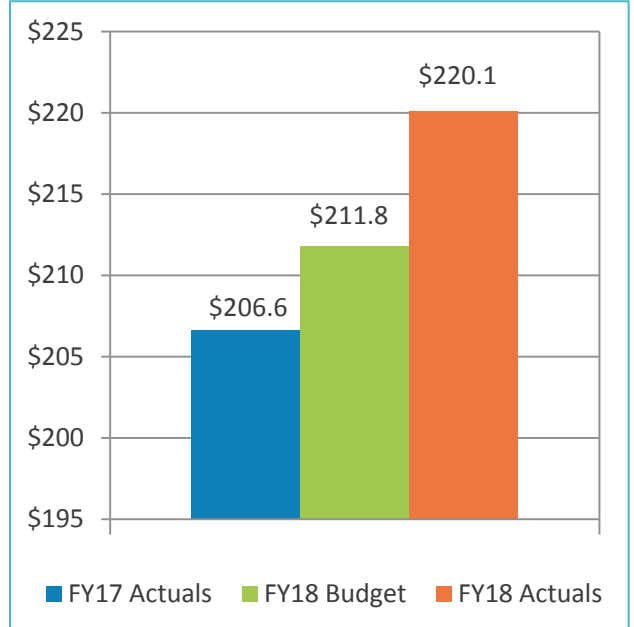
**Revenue & Expense
(Unaudited)
For the Ten Months Ended
April 30, 2018 and 2017**

Operating Revenue (Unaudited)



FY18 YTD Act Vs.
FY17 YTD Act
6.5%

FY18 YTD Act Vs.
FY18 YTD Budget
3.9%



Operating Revenues

for the Ten Months Ended April 30, 2018 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
				Change	
Aviation revenue:					
Landing fees	\$ 22,698	\$ 22,053	\$ (645)	(3)%	\$ 21,227
Aircraft parking fees	2,516	2,672	156	6%	2,423
Building rentals	49,035	49,608	573	1%	45,859
Security surcharge	27,413	27,443	30	-	24,853
CUPPS Support Charges	1,168	1,169	1	-	1,035
Other aviation revenue	163	155	(8)	(5)%	1,349
Total aviation revenue	\$ 102,993	\$ 103,100	\$ 107	-	\$ 96,746

Operating Revenues

for the Ten Months Ended April 30, 2018 (Unaudited)

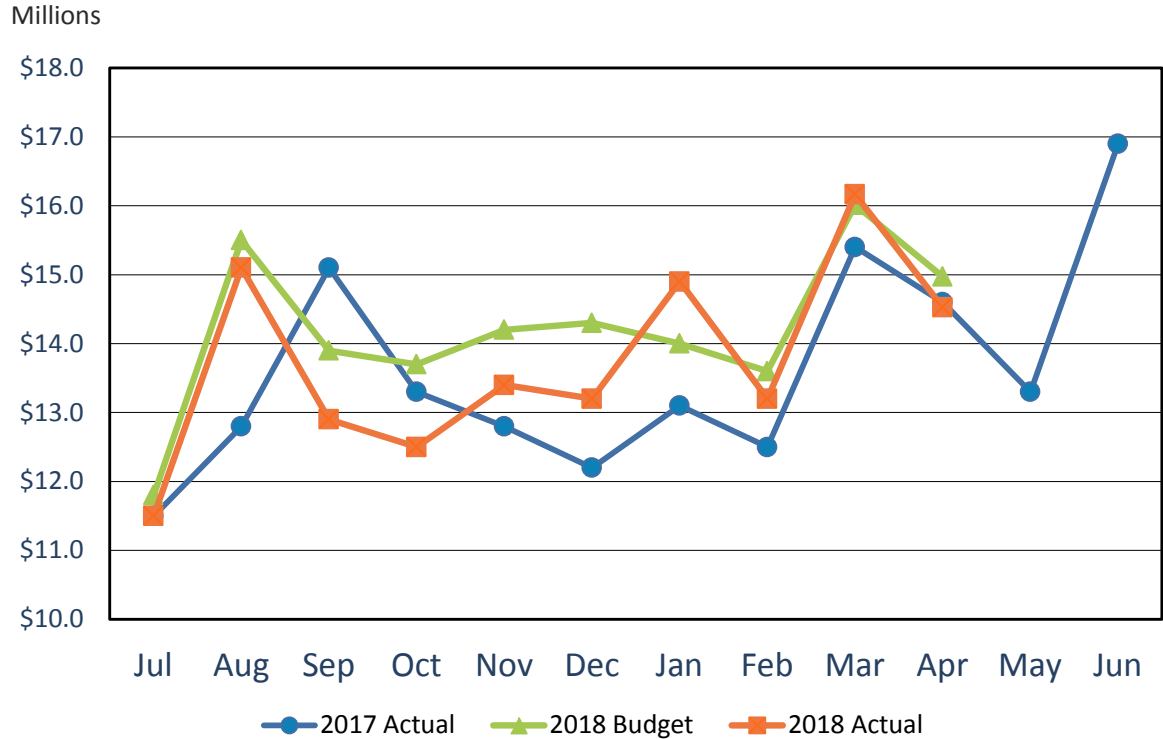
(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
				Change	
Terminal rent non-airline	\$ 1,321	\$ 1,679	\$ 358	27%	\$ 1,288
Concession revenue:					
Terminal concession revenue:					
Food and beverage	8,988	10,205	1,217	14%	8,825
Retail	5,703	6,305	602	11%	5,867
Space storage	727	753	26	4%	726
Cost recovery	2,581	2,542	(39)	(2)%	2,107
Other (Primarily advertising)	3,152	3,413	261	8%	3,843
Total terminal concession revenue	21,151	23,218	2,067	10%	21,368
Car rental and license fee revenue:					
Rental car license fees	23,831	24,506	675	3%	23,933
Rental car center cost recovery	1,443	1,184	(259)	(18)%	1,842
License fees-other	4,007	4,606	599	15%	3,969
Total rental car and license fees	29,281	30,296	1,015	3%	29,744
Total concession revenue	\$ 50,433	\$ 53,515	\$ 3,082	6%	\$ 51,111

Operating Revenues

for the Ten Months Ended April, 2018 (Unaudited)

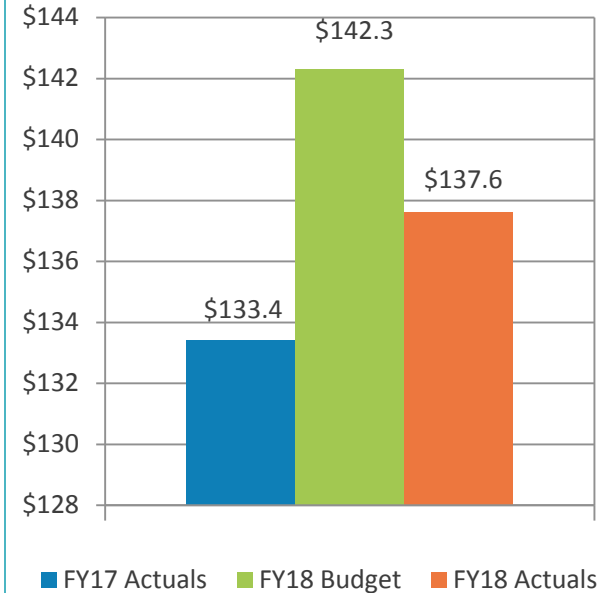
(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Change</u>	<u>Year</u>
Parking revenue:					
Short-term parking revenue	\$ 18,838	\$ 19,607	\$ 769	4%	\$ 19,359
Long-term parking revenue	14,925	15,811	886	6%	14,706
Total parking revenue	33,763	35,418	1,655	5%	34,065
Ground transportation permits and citations	6,102	7,978	1,876	31%	6,618
Ground rentals	16,545	16,753	208	1%	15,401
Grant reimbursements	-	442	442	-	147
Other operating revenue	645	1,210	565	88%	1,311
Subtotal	57,055	61,801	4,746	8%	57,542
Total operating revenues	\$ 211,802	\$ 220,095	\$ 8,293	4%	\$206,687

Operating Expenses (Unaudited)



FY18 YTD Act Vs.
FY17 YTD Act
-3.1%

FY18 YTD Act Vs.
FY18 YTD Budget
3.3%



Operating Expenses

for the Ten Months Ended April, 2018 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
Operating expenses:					
Salaries and benefits	\$ 39,360	\$ 38,708	\$ 652	2%	\$ 38,040
Contractual services	38,141	37,038	1,103	3%	36,134
Safety and security	25,665	25,267	398	2%	23,004
Space rental	8,493	8,494	(1)	-	8,492
Utilities	10,112	10,249	(137)	(1)%	8,721
Maintenance	12,193	9,882	2,311	19%	11,870
Equipment and systems	273	355	(82)	(30)%	414
Materials and supplies	378	476	(98)	(26)%	480
Insurance	945	924	21	2%	799
Employee development and support	1,055	1,012	43	4%	1,058
Business development	2,860	2,665	195	7%	1,816
Equipment rental and repairs	2,831	2,553	277	10%	2,620
Total operating expenses	\$ 142,305	\$ 137,623	\$ 4,682	3%	\$133,448

Net Operating Income (Loss) Summary

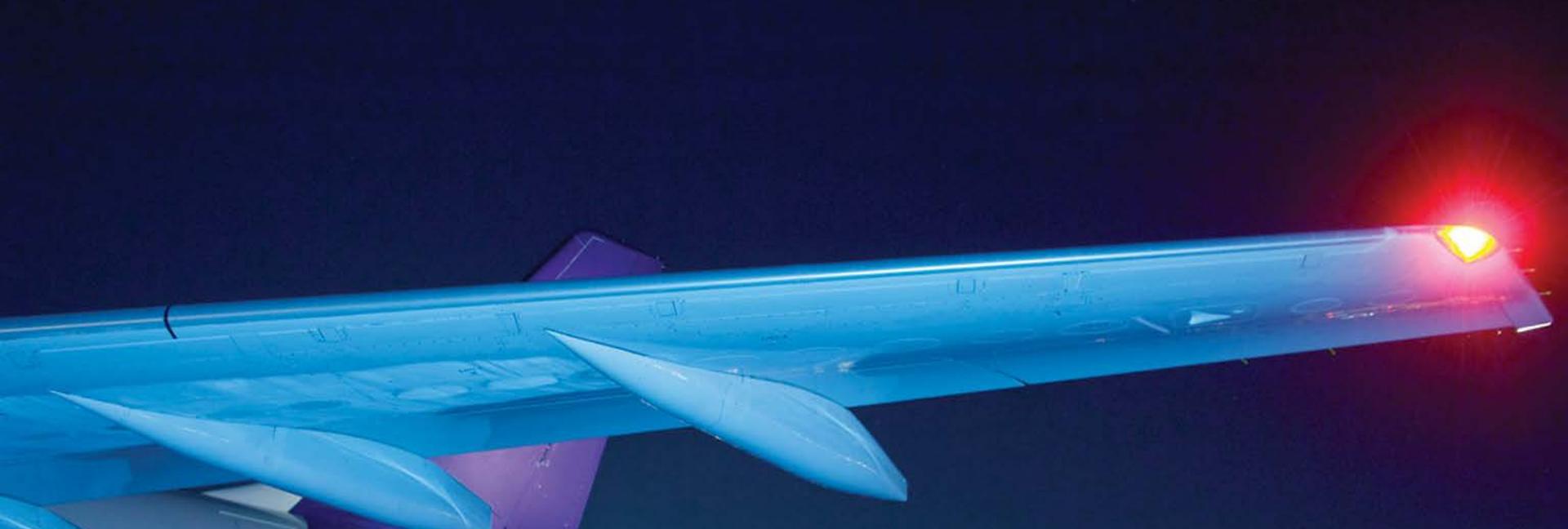
for the Ten Months Ended April 30, 2018 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
				Change	
Total operating revenues	\$ 211,802	\$ 220,095	\$ 8,293	4%	\$206,687
Total operating expenses	142,305	137,623	4,682	3%	133,448
Income from operations	69,497	82,472	12,975	19%	73,239
Depreciation	86,837	86,837	-	-	76,475
Operating income (loss)	\$ (17,340)	\$ (4,365)	\$ 12,975	75%	\$ (3,236)

Nonoperating Revenues & Expenses

for the Ten Months Ended April 30, 2018 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Nonoperating revenues (expenses):					
Passenger facility charges	\$ 34,335	\$ 37,203	\$ 2,868	8%	\$ 33,717
Customer facility charges (Rental Car Center)	33,240	33,603	363	1%	29,720
Quieter Home Program, net	(2,720)	(1,835)	885	33%	(805)
Interest income	7,486	10,741	3,255	43%	6,600
BAB interest rebate	3,880	3,888	8	-	3,869
Interest expense & debt issuance costs	(68,715)	(62,372)	6,343	9%	(51,250)
Bond amortization	3,389	4,727	1,338	39%	3,467
Other nonoperating revenue (expenses)	(8)	(4,635)	(4,627)	-	(2,048)
Nonoperating revenue, net	10,887	21,320	10,433	96%	23,270
Change in net position before grant contributions	(6,453)	16,955	23,408	363%	20,034
Capital grant contributions	6,193	8,764	2,571	42%	1,662
Change in net position	\$ (260)	\$ 25,719	\$ 25,979	9976%	\$ 21,696



Statements of Net Position (Unaudited)
April 30, 2018 and 2017

Statements of Net Position (Unaudited)

As of April 30, 2018 and 2017

(In Thousands)

	April	
	2018	2017
Current assets:		
Cash and investments	\$ 86,681	\$ 81,412
Tenant lease receivable, net of allowance of 2018: (\$211,892) and 2017: (\$218,877)	9,244	8,616
Grants receivable	6,028	3,181
Notes receivable-current portion	1,802	1,705
Prepaid expenses and other current assets	9,097	6,968
Total current assets	112,852	101,882
 Cash designated for capital projects and other	 \$ 24,331	 \$ 41,913

Statements of Net Position (Unaudited)

As of April 30, 2018 and 2017

(In Thousands)

	April	
	2018	2017
Restricted assets:		
Cash and investments:		
Bonds reserve	\$ 60,780	\$ 57,872
Passenger facility charges and interest unapplied	77,963	66,645
Customer facility charges and interest applied	42,981	34,244
SBD bond guarantee	4,000	4,000
Bond proceeds held by trustee	334,272	151,988
Passenger facility charges receivable	5,479	5,420
Customer facility charges receivable*	4,023	4,130
Insurance claim reserve	5,137	2,698
Total restricted assets	\$ 534,635	\$ 326,997

Statements of Net Position (Unaudited)

As of April 30, 2018 and 2017

(In Thousands)

	April	
	2018	2017
Noncurrent assets:		
Capital assets:		
Land and land improvements	\$ 127,171	\$ 110,139
Runways, roads and parking lots	652,240	592,049
Buildings and structures	1,431,854	1,415,136
Machinery and equipment	56,887	48,950
Vehicles	18,142	15,530
Office furniture and equipment	36,837	33,357
Works of art	10,066	10,066
Construction-in-progress	329,728	210,037
	2,662,925	2,435,264
Less: accumulated depreciation	(979,458)	(888,934)
Total capital assets, net	\$ 1,683,467	\$ 1,546,330

Statements of Net Position (Unaudited)

As of April 30, 2018 and 2017

(In Thousands)

	April	
	2018	2017
Other assets:		
Notes receivable - long-term portion	\$ 31,747	\$ 33,628
Investments - long-term portion	171,230	178,175
Security deposit	350	350
Total other assets	203,327	212,153
Deferred outflows of resources		
Deferred pension contributions	5,940	20,436
Other deferred pension outflows	15,048	288
Total assets and deferred outflows of resources	\$ 2,579,600	\$ 2,249,999

Statements of Net Position (Unaudited)

As of April 30, 2018 and 2017

(In Thousands)

	April	
	2018	2017
Current liabilities:		
Accounts payable and accrued liabilities	\$ 66,004	\$ 43,974
Deposits and other current liabilities	10,804	8,893
Total current liabilities	76,808	52,867
Current liabilities - payable from restricted assets:		
Current portion of long-term debt	17,070	11,585
Accrued interest on bonds and variable debt	26,467	21,803
Total liabilities payable from restricted assets	\$ 43,537	\$ 33,388

Statements of Net Position (Unaudited)

As of April 30, 2018 and 2017

(In Thousands)

	April	
	2018	2017
Long-term liabilities - other:		
Variable debt	\$ 26,448	\$ 59,131
Other long-term liabilities	7,808	8,615
Long-term debt - bonds net of amortized premium	1,593,854	1,276,704
Net pension liability	18,743	18,111
Total long-term liabilities	1,646,853	1,362,561
Total liabilities	1,767,198	1,448,816
Deferred inflows of resources		
Deferred pension inflows	3,507	1,815
Total liabilities and deferred inflows of resources	\$ 1,770,705	\$ 1,450,631

Statements of Net Position (Unaudited)

As of April 30, 2018 and 2017

(In Thousands)

	April	
	2018	2017
Net Position:		
Invested in capital assets, net of related debt	\$ 373,111	\$ 340,958
Other restricted	197,634	174,716
Unrestricted:		
Designated	24,331	41,913
Undesignated	213,819	241,781
	<hr/>	<hr/>
Total net position	\$ 808,895	\$ 799,368



Questions?



SAN DIEGO
INTERNATIONAL AIRPORT
LET'S **GO.**

Investment Report

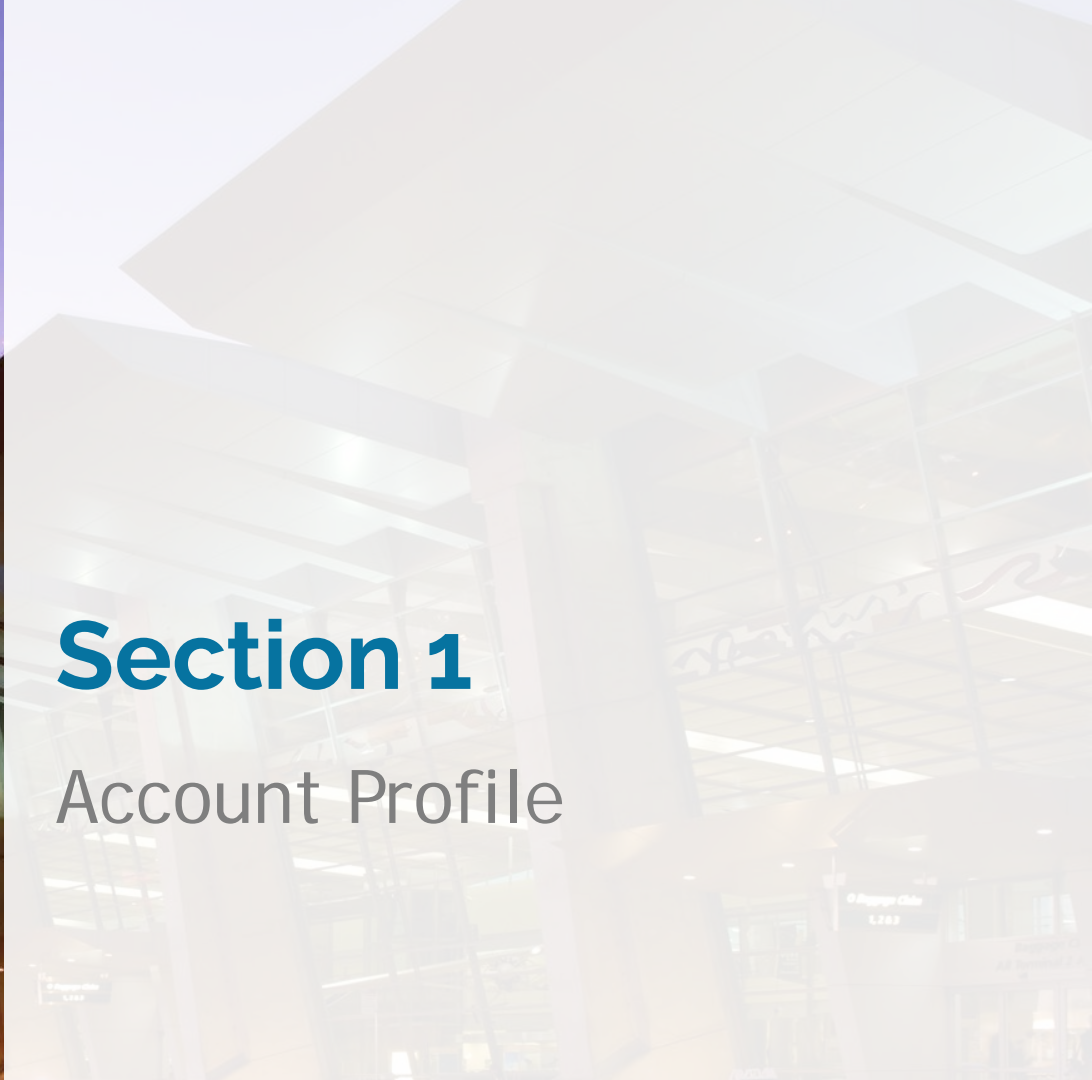
Period Ending
April 30, 2018

Presented by: Geoff Bryant
Manager, Airport Finance



Section 1

Account Profile



Certification Page

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 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.



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

Objectives

Investment Objectives

The San Diego County Regional Airport Authority's investment objectives, in order of priority, are to provide safety to ensure the preservation of capital in the overall portfolio, provide sufficient liquidity for cash needs and a market rate of return consistent with the investment program. In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.

Compliance

April 30, 2018

This portfolio is a consolidation of assets managed by Chandler Asset Management and assets managed internally by SDCRAA. Chandler relies on SDCRAA to provide accurate information for reporting assets and producing this compliance statement.

Category	Standard	Comment
Treasury Issues	No Limit	Complies
Agency Issues	No Limit	Complies
Supranationals	"AA" rated or better by a Nationally Recognized Statistical Rating Organization ("NRSRO"); 30% maximum; U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development ("IBRD"), the International Finance Corporation ("IFC") or the Inter-American Development Bank ("IADB")	Complies
Municipal Issues	"A" rated or better by a NRSRO; 20% maximum; 5% max per issuer	Complies
Banker's Acceptances	"A-1" rated or equivalent or highest category by a NRSRO; 40% maximum; 10% max per bank; 180 days max maturity	Complies
Commercial Paper	"A-1" rated or equivalent by a NRSRO; or "A" rated issuer or equivalent by a NRSRO, if any long-term debt; 25% maximum; 10% max per issuer (combined with any other securities from that issuer); 270 days max maturity; Entity organized and operating in the U.S. as a general corporation and has total assets >\$500 million; or Entity is organized within the U.S. as a special purpose corporation, trust, or limited liability company and has credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.	Complies
Negotiable Certificates of Deposit ("NCD")	"A" rated issuer or better by a NRSRO; 30% maximum; 10% max per issuer (combined with any other securities from that issuer); Issued by nationally or state-chartered bank, a state or federal savings institution or by a federally licensed or state licensed branch of a foreign bank.	Complies
Time Deposits/Certificates of Deposit/ Bank Deposit	Bank Deposits, including, demand deposit accounts, savings accounts, market rate accounts, and time certificates of deposits ("TCD") in financial institutions located in California. 20% maximum; 10% max per TCD issuer (combined with other securities from that issuer); 3 years max maturity; Financial institutions with net worth of \$10 million and total assets of \$50 million; Deposits in each bank limited to 5% max of the total assets of bank; To be eligible to receive Authority deposits, financial institution must have received a minimum overall satisfactory rating, under the Community Reinvestment Act, for meeting the credit needs of California Communities; Bank Deposits are required to be collateralized as specified by Cal. Gov. Code §53630 et seq.; Collateralization may be waived for any portion that is covered by FDIC	Complies
Medium Term Notes	"A" rated or better by a NRSRO; 15% maximum; 10% max per issuer (combined with any other securities from that issuer); Issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S.	Complies
Money Market Funds	Highest rating or "AAA" rated by two NRSROs; or SEC registered investment adviser with assets under management in excess of \$500 million and experience greater than 5 years; 20% maximum; 10% per fund; 5% max of total fund balance	Complies
Repurchase Agreements	"A" rated or better by a NRSRO; 1 year max maturity; U.S. Treasury or Federal Agency collateral only	Complies
Local Agency Investment Fund (LAIF)	Max program limit for LAIF; Pursuant to California Gov. Code Section 16429.1	Complies
San Diego County Investment Pool (SDCIP)	Max program limit for LAIF	Complies
Local Government Investment Pool (LGIP)	Max program limit for LAIF	Complies
Prohibited	Inverse floaters, Range notes, Interest-only strips from mortgaged backed securities; Common stocks; Zero interest accrual securities	Complies
Average Maturity	3 years	Complies
Maximum maturity	5 years	Complies

Portfolio Characteristics

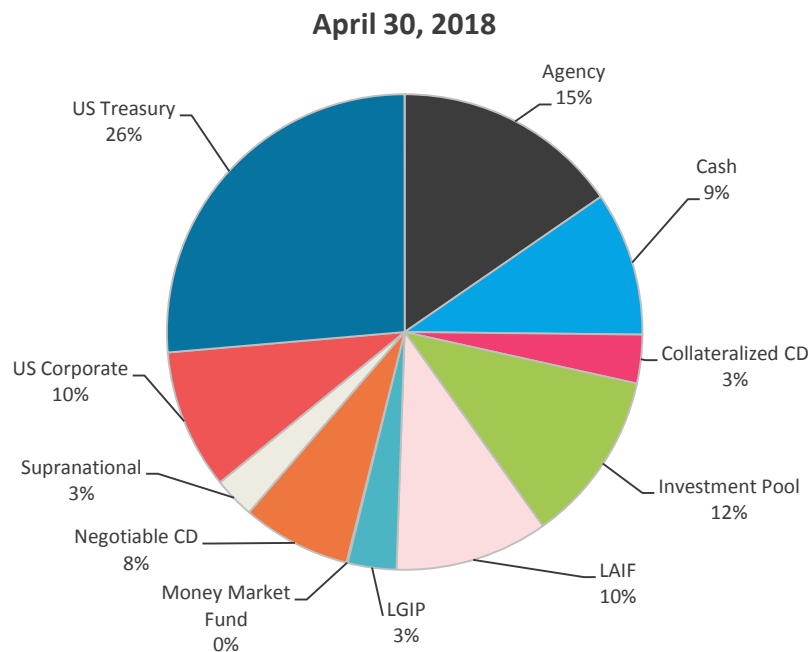
SDCRAA Consolidated

	4/30/2018	3/31/2018	Change
	Portfolio	Portfolio	Portfolio
Average Maturity (yrs)	1.30	1.33	(0.03)
Average Purchase Yield	1.56%	1.53%	0.03%
Average Market Yield	2.16%	2.04%	0.12%
Average Quality*	AA/Aa1	AA/Aa1	AA+/Aa1
Total Market Value	471,098,985	469,292,141	1,806,844

*Portfolio is S&P and Moody's, respectively.

Sector Distribution

	April 30, 2018		March 31, 2018	
	Total Market Value	% of Portfolio	Total Market Value	% of Portfolio
Agency	72,285,503	15.4%	72,339,871	15.4%
Cash	46,052,329	9.8%	43,977,337	9.4%
Collateralized CD	15,582,328	3.3%	15,582,136	3.3%
Investment Pool	55,373,869	11.7%	55,294,633	11.8%
LAIF	48,754,589	10.4%	48,678,787	10.4%
LGIP	15,472,746	3.3%	15,434,747	3.3%
Money Market Fund	553,824	0.1%	423,197	0.1%
Negotiable CD	34,782,615	7.4%	34,775,186	7.4%
Supranational	13,342,090	2.8%	11,014,347	2.3%
US Corporate	44,707,702	9.5%	46,886,391	10.0%
US Treasury	124,191,390	26.4%	124,885,509	26.6%
TOTAL	471,098,985	100.0%	469,292,141	100.0%



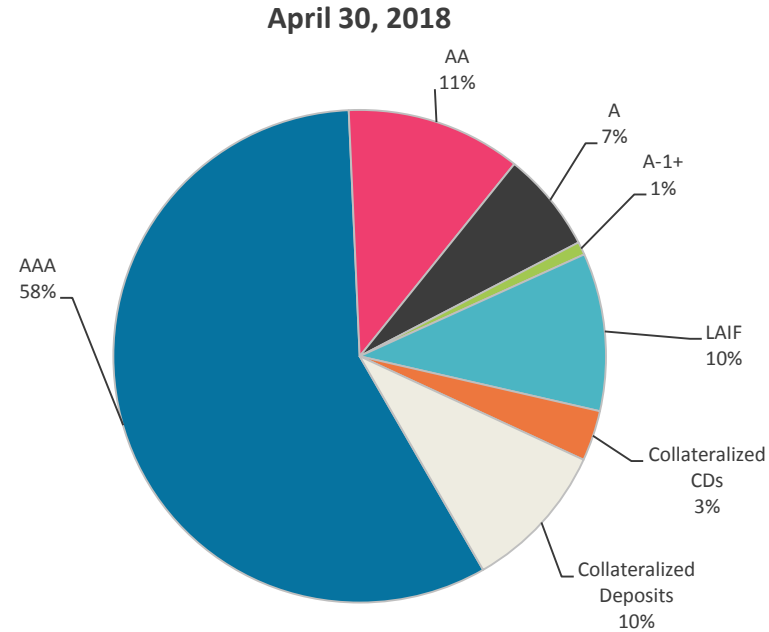
Quality Distribution

	April 30, 2018		March 31, 2018	
	Total Market Value	% of Portfolio	Total Market Value	% of Portfolio
AAA ⁽¹⁾	271,601,403	57.6%	269,806,438	57.5%
AA	54,071,062	11.5%	54,001,513	11.5%
A	31,026,341	6.5%	33,241,830	7.1%
A-1+	4,010,933	0.9%	4,004,100	0.9%
LAIF	48,754,589	10.4%	48,678,787	10.4%
Collateralized CDs	15,582,328	3.3%	15,582,136	3.3%
Collateralized Deposits	46,052,329	9.8%	43,977,337	9.4%
TOTAL	471,098,985	100.0%	469,292,141	100.0%

Notes:

Security ratings are based on the highest rating provided by Moody's, S&P and Fitch and is presented using the S&P ratings scale.

(1) Includes investments that have split ratings between S&P, Moody's and Fitch.

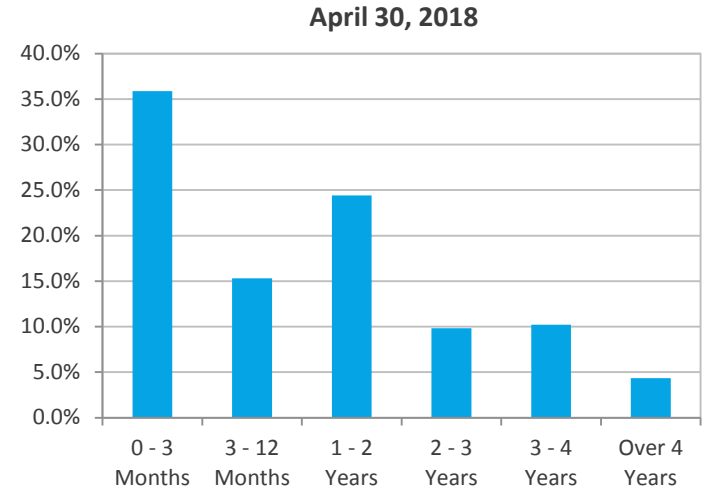


Maturity Distribution

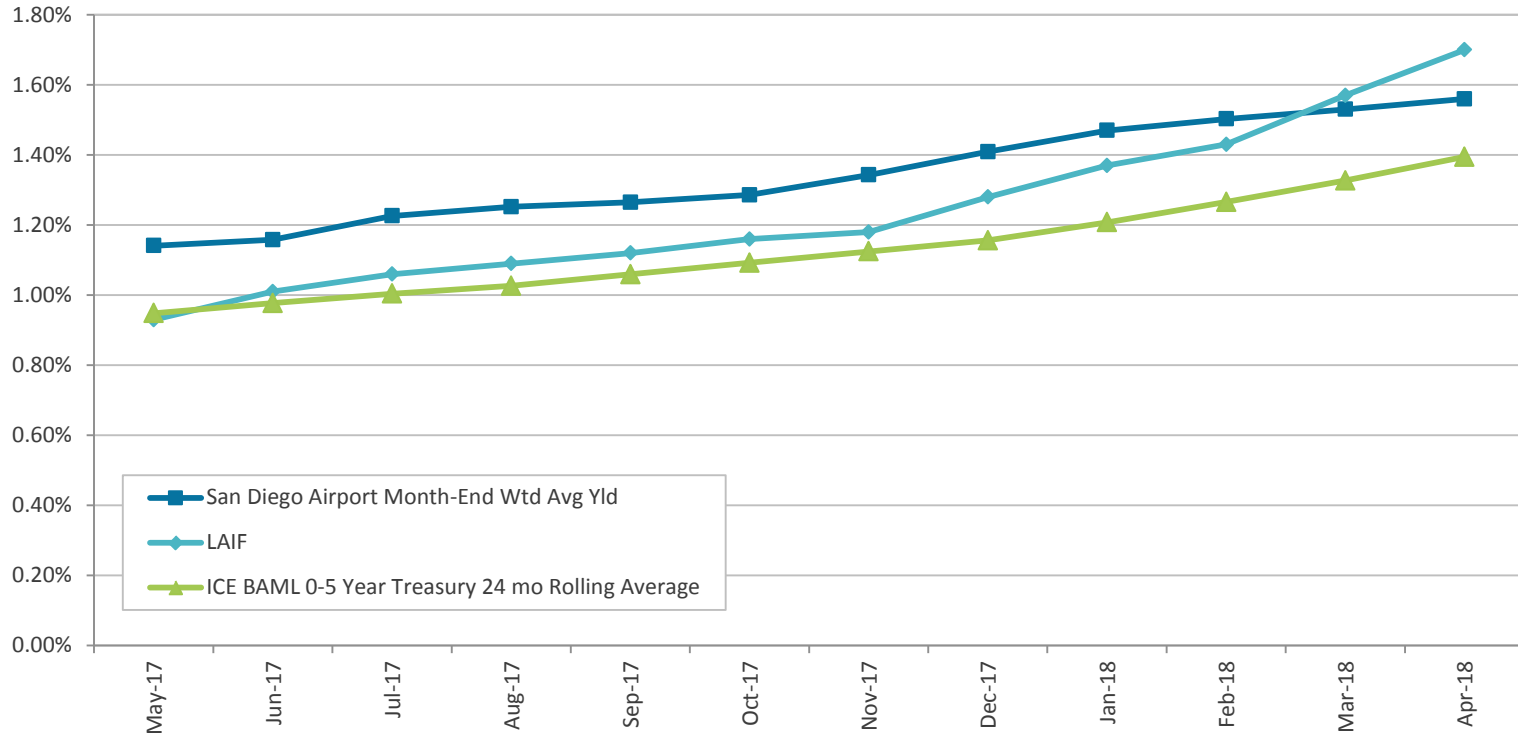
	April 30, 2018		March 31, 2018	
	Total Market Value	% of Portfolio	Total Market Value	% of Portfolio
0 – 3 Months ⁽¹⁾	166,207,356	35.3%	168,798,696	36.0%
3 – 12 Months	61,517,218	13.1%	57,536,956	12.3%
1 – 2 Years	128,511,698	27.3%	129,583,677	27.6%
2 – 3 Years	38,691,526	8.2%	35,180,424	7.5%
3 – 4 Years	37,168,931	7.9%	38,903,451	8.3%
Over 4 Years	39,002,256	8.3%	39,288,937	8.4%
TOTAL	471,098,985	100.0%	469,292,141	100.0%

Notes:

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



Investment Performance





Section 2

Portfolio Holdings



Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Agency									
3130A8PK3	FHLB Note 0.625% Due 08/07/2018	4,000,000.00	08/15/2016 0.81%	3,985,680.00	99.65 1.94%	3,985,836.00 5,833.33	0.85% 156.00	Aaa / AA+ AAA	0.27 0.27
3135G0E58	FNMA Note 1.125% Due 10/19/2018	5,000,000.00	10/16/2015 0.94%	5,027,500.00	99.59 2.00%	4,979,740.00 1,875.00	1.06% (47,760.00)	Aaa / AA+ AAA	0.47 0.47
3137EADK2	FHLMC Note 1.250% Due 08/01/2019	5,000,000.00	07/08/2016 0.82%	5,064,250.00	98.60 2.39%	4,930,160.00 15,625.00	1.05% (134,090.00)	Aaa / AA+ AAA	1.25 1.23
3135G0N33	FNMA Note 0.875% Due 08/02/2019	7,800,000.00	08/02/2016 0.93%	7,786,896.00	98.12 2.41%	7,653,048.00 16,872.92	1.63% (133,848.00)	Aaa / AA+ AAA	1.26 1.23
3130A8Y72	FHLB Note 0.875% Due 08/05/2019	12,000,000.00	10/21/2016 1.03%	11,948,160.00	98.12 2.40%	11,773,872.00 25,083.33	2.50% (174,288.00)	Aaa / AA+ AAA	1.27 1.24
3135G0P49	FNMA Note 1.000% Due 08/28/2019	13,500,000.00	09/06/2016 1.06%	13,477,860.00	98.17 2.40%	13,253,490.00 22,875.00	2.82% (224,370.00)	Aaa / AA+ AAA	1.33 1.31
3130A9EP2	FHLB Note 1.000% Due 09/26/2019	10,000,000.00	10/07/2016 1.09%	9,972,700.00	98.03 2.44%	9,802,830.00 9,722.22	2.08% (169,870.00)	Aaa / AA+ AAA	1.41 1.38
3135G0T29	FNMA Note 1.500% Due 02/28/2020	13,035,000.00	02/28/2017 1.58%	13,003,050.30	98.21 2.51%	12,801,699.57 34,216.88	2.72% (201,350.73)	Aaa / AA+ AAA	1.83 1.78
313378J77	FHLB Note 1.875% Due 03/13/2020	3,000,000.00	05/16/2017 1.57%	3,025,080.00	98.84 2.51%	2,965,224.00 7,500.00	0.63% (59,856.00)	Aaa / AA+ NR	1.87 1.82
Total Agency		73,335,000.00	1.12%	73,291,176.30	2.37%	72,145,899.57 139,603.68	15.34% (1,145,276.73)	Aaa / AA+ Aaa	1.31 1.28
Cash									
PP2118\$00	U.S. Bank Checking Account	42,673.15	Various 0.00%	42,673.15	1.00 0.00%	42,673.15 0.00	0.01% 0.00	NR / NR NR	0.00 0.00

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
PP2118V\$7	EastWest Bank Deposit Account	27,343,954.49	Various 1.21%	27,343,954.49	1.00 1.21%	27,343,954.49 0.00	5.80% 0.00	NR / NR NR	0.00 0.00
PP2118V\$8	EastWest Bank Deposit Account	105,290.89	Various 1.21%	105,290.89	1.00 1.21%	105,290.89 0.00	0.02% 0.00	NR / NR NR	0.00 0.00
PP2118V\$9	U.S. Bank Checking Account	18,560,410.76	Various 0.00%	18,560,410.76	1.00 0.00%	18,560,410.76 0.00	3.94% 0.00	NR / NR NR	0.00 0.00
Total Cash		46,052,329.29	0.72%	46,052,329.29	0.72%	46,052,329.29 0.00	9.78% 0.00	NR / NR NR	0.00 0.00

Collateralized CD									
PP2118V\$6	EastWest Bank Collateralized CD 1.300% Due 10/24/2018	5,093,469.19	Various 1.40%	5,088,012.36	75.25 1.40%	5,088,012.36 181.41	1.08% 0.00	NR / NR NR	0.48 0.36
PP2118V\$5	EastWest Bank Collateralized CD 1.550% Due 07/07/2019	10,507,106.37	Various 1.57%	10,493,687.72	75.25 1.57%	10,493,687.72 446.20	2.23% 0.00	NR / NR NR	1.19 0.90
Total Collateralized CD		15,600,575.56	1.52%	15,581,700.08	1.52%	15,581,700.08 627.61	3.31% 0.00	NR / NR NR	0.96 0.73

Investment Pool									
90SDCP\$00	County of San Diego Pooled Investment Pool	55,294,632.06	Various 1.72%	55,294,632.06	1.00 1.72%	55,294,632.06 79,237.21	11.75% 0.00	NR / NR AAA	0.00 0.00
Total Investment Pool		55,294,632.06	1.72%	55,294,632.06	1.72%	55,294,632.06 79,237.21	11.75% 0.00	NR / NR Aaa	0.00 0.00

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF00	Local Agency Investment Fund State Pool	48,688,441.95	Various 1.70%	48,688,441.95	1.00 1.70%	48,688,441.95 66,147.03	10.35% 0.00	NR / NR NR	0.00 0.00
Total LAIF		48,688,441.95	1.70%	48,688,441.95	1.70%	66,147.03	10.35% 0.00	NR / NR NR	0.00 0.00
Local Gov Investment Pool									
09CATR04	CalTrust Short Term Fund	1,545,728.88	Various 1.65%	15,472,725.21	10.01 1.65%	15,472,746.08 0.00	3.28% 20.87	NR / AA NR	0.00 0.00
Total Local Gov Investment Pool		1,545,728.88	1.65%	15,472,725.21	1.65%	0.00	3.28% 20.87	NR / AA NR	0.00 0.00
Money Market Fund FI									
262006307	Dreyfus Gov't Cash Management Money Market Fund	553,823.46	Various 1.35%	553,823.46	1.00 1.35%	553,823.46 0.00	0.12% 0.00	Aaa / AAA NR	0.00 0.00
Total Money Market Fund FI		553,823.46	1.35%	553,823.46	1.35%	0.00	0.12% 0.00	Aaa / AAA NR	0.00 0.00
Negotiable CD									
65558LWA6	Nordea Bank Finland Negotiable CD 1.760% Due 11/30/2018	4,000,000.00	12/05/2016 1.76%	4,000,000.00	99.89 1.94%	3,995,708.00 29,724.44	0.85% (4,292.00)	Aa3 / AA- AA-	0.59 0.58
13606A5Z7	Canadian Imperial Bank Yankee CD 1.760% Due 11/30/2018	5,000,000.00	12/05/2016 1.80%	4,996,100.00	99.72 2.24%	4,985,995.00 36,911.11	1.07% (10,105.00)	A1 / A+ AA-	0.59 0.57

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
06427KRC3	Bank of Montreal Yankee CD 1.880% Due 02/07/2019	5,000,000.00	02/09/2017 1.88%	5,000,000.00	100.00 2.03%	5,000,000.00 21,933.33	1.07% 0.00	A1 / A+ AA-	0.78 0.76
90333VXB1	US Bank National Association Negotiable CD 2.050% Due 02/28/2019	4,000,000.00	03/14/2018 2.05%	4,000,000.00	100.00 2.04%	4,000,000.00 10,933.33	0.85% 0.00	P-1 / A-1+ F-1+	0.83 0.82
06417GUE6	Bank of Nova Scotia Yankee CD 1.910% Due 04/05/2019	4,000,000.00	04/06/2017 1.91%	4,000,000.00	99.45 2.50%	3,978,008.00 5,517.78	0.85% (21,992.00)	A1 / A+ NR	0.93 0.93
86563YVNO	Sumitomo Mitsui Bank NY Yankee CD 2.050% Due 05/03/2019	3,000,000.00	05/04/2017 2.05%	3,000,000.00	99.66 2.39%	2,989,668.00 30,579.17	0.64% (10,332.00)	A1 / A A	1.01 0.99
83050FXT3	Skandinav Enskilda BK NY Yankee CD 1.840% Due 08/02/2019	5,750,000.00	08/04/2017 1.86%	5,747,757.50	99.20 2.48%	5,703,781.50 25,862.22	1.22% (43,976.00)	Aa3 / A+ AA-	1.26 1.25
87019U6D6	Swedbank Inc Negotiable CD 2.270% Due 11/16/2020	4,000,000.00	11/17/2017 2.27%	4,000,000.00	98.16 3.01%	3,926,376.00 41,616.67	0.84% (73,624.00)	Aa3 / AA- AA-	2.55 2.46
Total Negotiable CD		34,750,000.00	1.93%	34,743,857.50	2.32%	34,579,536.50 203,078.05	7.38% (164,321.00)	A1 / AA- AA-	1.05 1.03

Supranational									
458182DX7	IADB Note 1.000% Due 05/13/2019	3,000,000.00	04/21/2016 1.10%	2,991,420.00	98.49 2.49%	2,954,661.00 14,000.00	0.63% (36,759.00)	Aaa / AAA AAA	1.04 1.02
459058FZ1	Intl. Bank Recon & Development Note 1.875% Due 04/21/2020	3,000,000.00	04/28/2017 1.64%	3,020,550.00	98.59 2.61%	2,957,784.00 1,562.50	0.63% (62,766.00)	Aaa / AAA AAA	1.98 1.92
45950KCM0	International Finance Corp Note 2.250% Due 01/25/2021	2,125,000.00	02/13/2018 2.43%	2,113,992.50	98.69 2.75%	2,097,103.00 12,750.00	0.45% (16,889.50)	Aaa / AAA NR	2.74 2.62
4581X0CV8	Inter-American Dev Bank Note 1.250% Due 09/14/2021	2,500,000.00	04/03/2018 2.66%	2,385,100.00	95.02 2.81%	2,375,567.50 4,079.86	0.51% (9,532.50)	Aaa / NR NR	3.38 3.26

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
459058FY4	Intl. Bank Recon & Development Note 2.000% Due 01/26/2022	3,000,000.00	03/16/2018 2.73%	2,920,650.00	96.96 2.86%	2,908,749.00 15,833.33	0.62% (11,901.00)	Aaa / NR AAA	3.75 3.55
Total Supranational		13,625,000.00	2.06%	13,431,712.50	2.70%	13,293,864.50 48,225.69	2.83% (137,848.00)	Aaa / AAA Aaa	2.53 2.43

US Corporate									
0258M0DV8	American Express Credit Callable Note Cont 6/30/2018 1.800% Due 07/31/2018	2,980,000.00	09/14/2015 1.89%	2,972,818.20	99.84 2.43%	2,975,243.92 13,559.00	0.63% 2,425.72	A2 / A- A	0.25 0.25
94974BFQ8	Wells Fargo Corp Note 2.150% Due 01/15/2019	4,600,000.00	06/06/2016 1.59%	4,665,642.00	99.70 2.57%	4,586,420.80 29,120.56	0.98% (79,221.20)	A2 / A- A+	0.71 0.69
17275RBB7	Cisco Systems Note 1.600% Due 02/28/2019	3,000,000.00	02/29/2016 1.49%	3,009,900.00	99.32 2.43%	2,979,684.00 8,400.00	0.63% (30,216.00)	A1 / AA- NR	0.83 0.81
459200JE2	IBM Corp Note 1.800% Due 05/17/2019	3,000,000.00	02/24/2016 1.76%	3,003,570.00	99.12 2.65%	2,973,711.00 24,600.00	0.64% (29,859.00)	A1 / A+ A+	1.05 1.02
89236TDE2	Toyota Motor Credit Corp Note 1.400% Due 05/20/2019	1,500,000.00	10/14/2016 1.44%	1,498,590.00	98.88 2.49%	1,483,134.00 9,391.67	0.32% (15,456.00)	Aa3 / AA- A	1.05 1.03
02665WBEO	American Honda Finance Note 1.200% Due 07/12/2019	2,495,000.00	10/14/2016 1.48%	2,476,062.95	98.16 2.77%	2,449,106.97 9,065.17	0.52% (26,955.98)	A2 / A+ NR	1.20 1.17
89236TBP9	Toyota Motor Credit Corp Note 2.125% Due 07/18/2019	1,000,000.00	10/14/2016 1.50%	1,016,700.00	99.33 2.69%	993,295.00 6,079.86	0.21% (23,405.00)	Aa3 / AA- A	1.22 1.18
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.300% Due 09/11/2019	2,000,000.00	12/12/2016 1.88%	2,022,140.00	99.41 2.77%	1,988,164.00 6,388.89	0.42% (33,976.00)	A1 / A AA-	1.37 1.25
46625HKA7	JP Morgan Chase Callable Note Cont 12/23/2019 2.250% Due 01/23/2020	3,500,000.00	05/15/2017 2.15%	3,509,345.00	98.86 2.93%	3,459,939.00 21,437.50	0.74% (49,406.00)	A3 / A- A+	1.73 1.67
166764BP4	Chevron Corp Note 1.991% Due 03/03/2020	3,500,000.00	05/15/2017 1.89%	3,509,660.00	98.70 2.72%	3,454,514.00 11,227.03	0.74% (55,146.00)	Aa2 / AA- NR	1.84 1.79

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
30231GAG7	Exxon Mobil Corp Callable Note Cont 2/6/2020 1.912% Due 03/06/2020	3,000,000.00	07/28/2017 1.76%	3,011,430.00	98.66 2.69%	2,959,941.00 8,763.33	0.63% (51,489.00)	Aaa / AA+ NR	1.85 1.72
69371RN93	Paccar Financial Corp Note 2.800% Due 03/01/2021	1,000,000.00	04/03/2018 2.90%	997,270.00	99.44 3.01%	994,389.00 4,977.78	0.21% (2,881.00)	A1 / A+ NR	2.84 2.69
911312BP0	UPS Note 2.050% Due 04/01/2021	2,280,000.00	11/14/2017 2.10%	2,276,397.60	97.48 2.96%	2,222,528.04 3,895.00	0.47% (53,869.56)	A1 / A+ NR	2.92 2.80
594918BP8	Microsoft Callable Note Cont 7/8/21 1.550% Due 08/08/2021	3,000,000.00	09/15/2017 1.96%	2,954,280.00	95.84 2.89%	2,875,302.00 10,720.83	0.61% (78,978.00)	Aaa / AAA AA+	3.28 3.14
74005PAZ7	Praxair Note 3.000% Due 09/01/2021	1,800,000.00	04/03/2018 2.96%	1,802,340.00	99.54 3.14%	1,791,799.20 9,000.00	0.38% (10,540.80)	A2 / A NR	3.34 3.13
037833AY6	Apple Inc Note 2.150% Due 02/09/2022	4,000,000.00	09/15/2017 2.10%	4,008,680.00	96.76 3.06%	3,870,540.00 19,588.89	0.83% (138,140.00)	Aa1 / AA+ NR	3.78 3.57
24422EUA5	John Deere Capital Corp Note 2.700% Due 01/06/2023	2,500,000.00	03/16/2018 3.20%	2,445,325.00	97.30 3.33%	2,432,587.50 21,187.50	0.52% (12,737.50)	A2 / A A	4.69 4.32
Total US Corporate		45,155,000.00	1.96%	45,180,150.75	2.78%	44,490,299.43 217,403.01	9.49% (689,851.32)	A1 / A+ A+	1.95 1.85

US Treasury									
CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828L40	US Treasury Note 1.000% Due 09/15/2018	4,900,000.00	04/20/2016 0.85%	4,917,992.19	99.63 2.01%	4,881,625.00 6,258.15	1.04% (36,367.19)	Aaa / AA+ AAA	0.38 0.37
912828WD8	US Treasury Note 1.250% Due 10/31/2018	9,950,000.00	05/06/2016 0.90%	10,034,779.00	99.60 2.05%	9,910,359.20 337.98	2.10% (124,419.80)	Aaa / AA+ AAA	0.50 0.49
912828G61	US Treasury Note 1.500% Due 11/30/2019	13,400,000.00	12/05/2016 1.46%	13,416,750.00	98.56 2.43%	13,207,375.00 83,934.07	2.82% (209,375.00)	Aaa / AA+ AAA	1.59 1.54
912828H52	US Treasury Note 1.250% Due 01/31/2020	7,000,000.00	01/09/2017 1.53%	6,940,820.31	97.94 2.46%	6,855,625.00 21,754.14	1.46% (85,195.31)	Aaa / AA+ AAA	1.76 1.71

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828XE5	US Treasury Note 1.500% Due 05/31/2020	5,000,000.00	05/11/2017 1.58%	4,987,695.31	97.93 2.53%	4,896,485.00 31,318.68	1.05% (91,210.31)	Aaa / AA+ AAA	2.09 2.02
912828XM7	US Treasury Note 1.625% Due 07/31/2020	5,400,000.00	07/28/2017 1.56%	5,410,968.75	98.00 2.54%	5,292,210.60 21,816.30	1.13% (118,758.15)	Aaa / AA+ AAA	2.25 2.19
912828G3	US Treasury Note 1.750% Due 11/15/2020	7,700,000.00	11/20/2017 1.83%	7,683,156.25	97.98 2.58%	7,544,198.20 62,163.67	1.61% (138,958.05)	Aaa / AA+ AAA	2.55 2.44
912828P87	US Treasury Note 1.125% Due 02/28/2021	8,500,000.00	10/13/2017 1.73%	8,331,992.19	95.94 2.62%	8,154,687.50 16,110.73	1.73% (177,304.69)	Aaa / AA+ AAA	2.84 2.76
912828Q37	US Treasury Note 1.250% Due 03/31/2021	3,500,000.00	10/25/2017 1.84%	3,431,230.47	96.15 2.63%	3,365,194.00 3,705.60	0.72% (66,036.47)	Aaa / AA+ AAA	2.92 2.83
912828WG1	US Treasury Note 2.250% Due 04/30/2021	7,700,000.00	11/20/2017 1.90%	7,789,632.81	98.88 2.64%	7,613,375.00 470.79	1.62% (176,257.81)	Aaa / AA+ AAA	3.00 2.88
912828D72	US Treasury Note 2.000% Due 08/31/2021	8,500,000.00	10/13/2017 1.81%	8,560,761.72	97.81 2.69%	8,314,062.50 28,641.30	1.77% (246,699.22)	Aaa / AA+ AAA	3.34 3.19
912828T67	US Treasury Note 1.250% Due 10/31/2021	7,700,000.00	11/20/2017 1.96%	7,492,761.72	95.21 2.69%	7,330,939.00 261.55	1.56% (161,822.72)	Aaa / AA+ AAA	3.51 3.39
912828WZ9	US Treasury Note 1.750% Due 04/30/2022	2,750,000.00	11/17/2017 2.00%	2,720,781.25	96.29 2.74%	2,647,950.25 131.49	0.56% (72,831.00)	Aaa / AA+ AAA	4.00 3.83
912828SV3	US Treasury Note 1.750% Due 05/15/2022	8,200,000.00	12/05/2017 2.09%	8,080,843.75	96.27 2.73%	7,894,099.00 66,200.28	1.69% (186,744.75)	Aaa / AA+ AAA	4.04 3.83
912828XW5	US Treasury Note 1.750% Due 06/30/2022	8,200,000.00	12/05/2017 2.13%	8,063,546.88	96.14 2.74%	7,883,209.40 47,965.47	1.68% (180,337.48)	Aaa / AA+ AAA	4.17 3.96
912828L24	US Treasury Note 1.875% Due 08/31/2022	8,200,000.00	12/05/2017 2.14%	8,101,984.38	96.43 2.75%	7,907,555.20 25,903.53	1.68% (194,429.18)	Aaa / AA+ AAA	4.34 4.11

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828L57	US Treasury Note 1.750% Due 09/30/2022	10,500,000.00	01/19/2018 2.39%	10,204,277.34	95.81 2.76%	10,059,903.00 15,563.52	2.14% (144,374.34)	Aaa / AA+ AAA	4.42 4.20
Total US Treasury		127,100,000.00	1.75%	126,169,974.32	2.56%	123,758,852.85 432,537.25	26.36% (2,411,121.47)	Aaa / AA+ Aaa	2.79 2.67
TOTAL PORTFOLIO						469,912,125.77 1,186,859.53	100.00% (4,548,397.65)	Aa1 / AA Aaa	1.30 1.25
TOTAL MARKET VALUE PLUS ACCRUALS						471,098,985.30			



Section 3

Transactions



Transaction Ledger

SDCRAA Consolidated - Account #10566

April 1, 2018 through April 30, 2018

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	04/02/2018	262006307	4,950,000.00	Dreyfus Gov't Cash Management Money Market Fund	1.000	1.29%	4,950,000.00	0.00	4,950,000.00	0.00
Purchase	04/05/2018	4581X0CV8	2,500,000.00	Inter-American Dev Bank Note 1.25% Due: 09/14/2021	95.404	2.66%	2,385,100.00	1,822.92	2,386,922.92	0.00
Purchase	04/05/2018	69371RN93	1,000,000.00	Paccar Financial Corp Note 2.8% Due: 03/01/2021	99.727	2.90%	997,270.00	2,955.56	1,000,225.56	0.00
Purchase	04/05/2018	74005PAZ7	1,800,000.00	Praxair Note 3% Due: 09/01/2021	100.130	2.96%	1,802,340.00	5,100.00	1,807,440.00	0.00
	Subtotal		10,250,000.00				10,134,710.00	9,878.48	9,244,588.48	0.00
TOTAL ACQUISITIONS			10,250,000.00				10,134,710.00	9,878.48	9,244,588.48	0.00

Transaction Ledger

SDCRAA Consolidated - Account #10566

April 1, 2018 through April 30, 2018

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Sale	04/05/2018	262006307	5,194,588.48	Dreyfus Gov't Cash Management Money Market Fund	1.000	1.29%	5,194,588.48	0.00	5,194,588.48	0.00
	Subtotal		5,194,588.48				5,194,588.48	0.00	5,194,588.48	0.00
Maturity	04/02/2018	36962G6W9	4,950,000.00	General Electric Capital Corp Note ⁽¹⁾ 1.625% Due: 04/02/2018	100.000		4,950,000.00	0.00	4,950,000.00	-18,018.00
	Subtotal		4,950,000.00				4,950,000.00	0.00	4,950,000.00	-18,018.00
TOTAL DISPOSITIONS			5,689,588.48				5,689,588.48	0.00	5,689,588.48	-18,018.00

⁽¹⁾ The General Electric 1.625% due 04/02/2018 Bond was purchased with an \$18,018 premium on 07/15/2015.



Section 4

Bond Proceeds

Bond Proceeds

Summary of 2010, 2013, 2014 & 2017 Bond Proceeds ⁽¹⁾

As of April 30, 2018
(in thousands)

	2014 Special Facility Revenue Bond		2010, 2013 and 2017 General Airport Revenue Bonds		Yield	Rating
Project Fund						
LAIF	\$	-	\$	75,102	1.70%	N/R
SDCIP	\$	-	\$	80,842	1.72%	AAAf
Money Market Fund	\$	-	\$	781	1.58%	AAAm
	\$	-	\$	156,725	1.71%	
Capitalized Interest						
SDCIP	\$	-	\$	1,295	1.72%	AAAf
	\$	-	\$	1,295	1.72%	
Debt Service Reserve & Coverage Funds						
SDCIP	\$	29,133	\$	79,394	1.72%	AAAf
East West Bank CD	\$	-	\$	21,332	2.00%	N/R
Money Market Fund	\$	-	\$	13	1.52%	AAAm
	\$	29,133	\$	100,739	1.77%	
TOTAL		29,133		258,760	1.74%	

(1) Bond Proceeds are not included in deposit limits as applied to operating funds.
SDCIP Yield as of 3/31/2018

Transactions Ledger for Bonds

SDCRAA Consolidated Bond Reserves - Account #10592

April 1, 2018 through April 30, 2018

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Security Contribution	04/13/2018	31846V336	9,000,000.00	First American Government Obligation Funds	1.000		9,000,000.00	0.00	9,000,000.00	0.00
	Subtotal		9,000,000.00				9,000,000.00	0.00	9,000,000.00	0.00
TOTAL ACQUISITIONS			9,000,000.00				9,000,000.00	0.00	9,000,000.00	0.00
DISPOSITIONS										
Security Withdrawal	04/13/2018	90LAIF\$00	9,000,000.00	Local Agency Investment Fund State Pool	1.000		9,000,000.00	0.00	9,000,000.00	0.00
Security Withdrawal	4/25/2018	31846V336	13,008,360.00	First American Government Obligation Funds	1.000		13,008,360.00	0.00	13,008,360.00	0.00
	Subtotal		22,008,360.00				22,008,360.00	0.00	22,008,360.00	0.00
TOTAL DISPOSITIONS			22,008,360.00				22,008,360.00	0.00	22,008,360.00	0.00

A low-angle photograph of a modern airport terminal building. The building features a complex, multi-tiered structure with large glass windows and concrete panels. The sky is bright blue with some light clouds. A teal-colored overlay is present in the upper left quadrant, containing the text "Questions?".

Questions?

● Ticketing
U.S. Airways

FINANCE COMMITTEE

Meeting Date: **MAY 24, 2018**

Subject:

Review of Authority Policy 4.40 – Debt Issuance and Management

Recommendation:

Forward to the Board with a recommendation to accept the Staff Report deferring amendments to Authority Policy 4.40 - Guidelines for Debt Issuance and Management through 2019.

Background/Justification:

The attached debt policy (Exhibit A) was developed in conjunction with the Authority's financial advisors and bond counsel and serves as the foundation of the Authority's debt issuance and management goals and priorities. The stated objectives are:

- Protect the assets and funds entrusted to the Authority;
- Manage and monitor existing debt to optimize financial structure, control costs and ensure compliance with bond financing covenants;
- Oversee the issuance of new debt in order to maintain access to capital markets and other sources of capital financing at a reasonable cost;
- Obtain and maintain the highest possible credit ratings on debt consistent with the overall objectives of the Authority;
- Explore and implement prudent debt structuring ideas when consistent with the debt issuance and management goals described herein;
- Provide the required secondary market disclosure to the rating agencies and investors; and,
- Comply with all federal and state laws and regulations, as well as bond indenture, federal tax and securities law compliance, and reimbursement agreement covenants;

The Vice President, Finance and Asset Management/Treasurer shall be responsible for ensuring the policy is current and will review the Policy annually, at a minimum.

Staff has determined, in conjunction with the Authority's Financial Advisors and Bond Counsel, that there are no legislative or market updates required to the Debt Policy. Staff has started working with the Airlines on a new Airline Operating and Lease Agreement (AOLA). This new agreement is a critical part of the ADP Plan of Finance. Staff anticipates that the financial provisions of the new AOLA and the cost of ADP will require modifications to certain Board Approved Debt Targets. If these modifications are necessary prior to next year's annual policy review staff will return at that time with updates.

Fiscal Impact:

None.

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:

Not Applicable.

Prepared by:

SCOTT BRICKNER,
VICE PRESIDENT FINANCE AND ASSET MANAGEMENT/TREASURER

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING

PART 4.4 - DEBT

SECTION 4.40 - DEBT ISSUANCE AND MANAGEMENT POLICY

PURPOSE: To establish a policy governing the debt issuance and management policies and practices of the San Diego County Regional Airport Authority (the “**Authority**”).

POLICY STATEMENT:

SECTION I. INTRODUCTION & EXECUTIVE SUMMARY

This comprehensive Debt Issuance and Management Policy (the “Policy”) contains the policies that govern existing and anticipated debt obligations. In addition, the Policy sets forth certain financial management practices in capital budgeting that will enhance the Authority’s ability to manage its outstanding debt and projected debt issuance. It is expected that the Policy will be updated from time to time to reflect changes in law and market practices.

Debt plays an important role in meeting the financial needs of the Authority since it provides the funding for the Authority to build projects today which will subsequently be repaid from future revenues. While the issuance of debt is frequently an appropriate method of financing capital projects, prudent financial management requires careful monitoring of debt issuance to ensure there is not an excessive reliance on debt and to preserve the Authority’s access to borrowed capital at competitive borrowing rates, while always maintaining sufficient liquidity. The term “debt” is used in this Policy to describe numerous types of financial obligations of the Authority which may include Bonds, Subordinate Obligations, Special Facility Obligations and other financings of the Authority.

The Authority’s debt issuance and management objectives are to:

- Manage and monitor existing debt to optimize financial structure, control costs and ensure compliance with bond financing covenants;
- Oversee the issuance of new debt in order to maintain access to capital markets and other sources of capital financing at a reasonable cost;
- Obtain and maintain the highest possible credit ratings on debt consistent with the overall objectives of the Authority;
- Explore and implement prudent debt structuring ideas when consistent with the debt issuance and management goals described herein;

- Provide the required secondary market disclosure to the rating agencies and investors;
- Comply with all federal and state laws and regulations, as well as bond indenture, federal tax and securities law post-issuance compliance, and reimbursement agreement covenants; and
- Protect the assets and funds entrusted to the Authority.

SECTION II. ROLES AND RESPONSIBILITIES

The roles and responsibilities of key parties in administering, monitoring, and ensuring on-going compliance with this Policy include:

- 1) Board: The Authority is governed by an appointed board of nine members who represent all areas of San Diego County and three *ex-officio* members. The Board approves all bond issuances as well as the policies and guidelines pursuant to which debt is incurred and issued.
- 2) President/CEO and Vice President, Finance and Asset Management/Treasurer: The Vice President, Finance and Asset Management/Treasurer, under the direction of the President/CEO, is (i) responsible for developing, evaluating, implementing and monitoring the financing plan and debt strategies for the Authority in compliance with this policy, subject to Board approvals; (ii) in charge of federal tax and securities law post-issuance compliance with respect to all debt obligations; (iii) responsible for implementing and ensuring compliance with internal control procedures to ensure proceeds of the Authority's debt obligations are directed to the intended use; and (iv) responsible for timely submitting to the California Debt and Investment Advisory Commission any annual debt report required under California Government Code Section 8855(k).
- 3) Registered Municipal Advisor: The Authority has chosen to deliver a Notice of Representation by Registered Municipal Advisor pursuant to SEC Rule 17 CFR Section 240.15Ba1 – 1(d)(3)(vi)(B) dated August 27, 2014 to notify investment banking firms that the Authority has retained a financial advisor and, among other things, will rely on advice of the financial advisor for recommendations on the issuance of municipal securities provided by investment banking firms. The Authority may amend or modify this notice from time to time.
- 4) Financial Professionals: All financial professionals performing services for the Authority's debt programs, such as its financial advisor, bond counsel, disclosure counsel, investment advisor and underwriters, must comply with the policies and procedures set forth herein.

SECTION III. CAPITAL IMPROVEMENTS AND FINANCIAL PLANNING

The Authority maintains a financing plan and model which projects the available sources and uses of funds and verifies the Authority's financial ability to deliver current and planned programs and services. The impact of the funding sources, particularly debt, on future commitments is a relevant consideration of this Policy. The financing plan is based on a set of assumptions developed through detailed collection and analysis of historical and forecasted data concerning revenues and

expenses, economic forecasts and trend projections. The main sources of revenues include airline rates and charges, parking and concession revenues, and lease revenues. Additionally, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), and federal grants-in-aid are included as a funding source for certain eligible projects.

The Authority's annual operating budget will ensure that sufficient resources are provided from current revenues to: 1) finance the current fiscal year's requirements for ongoing operating and maintenance needs; 2) provide reserves for periodic replacement and renewal; 3) fund the annual requirements of the maintenance, operating and other reserves; and 4) meet any debt service coverage requirements.

Both the capital plan and the financing plan shall be updated periodically as part of the budget process. It is the goal of the Authority to adopt its capital plan on a rolling five year forward basis. Both plans will comply with the Policy, paying particular attention to all relevant target debt affordability indicators.

SECTION IV. DEBT TARGETS

The President/CEO and the Vice President, Finance and Asset Management/Treasurer will recommend to the Board the amount, term and type of debt needed to meet the Authority's short-term and long-term financing requirements. In such determinations, issues of debt capacity, amortization period and impact on rates and charges will be considered, guided by the use of target debt capacity indicators for measuring the affordability of additional borrowing.

The following are the target debt affordability indicators for the Authority. The Authority will regularly review and may re-evaluate certain targets from time to time as long-term master plan requirements may be defined.

1) Rate Covenants

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

Bonds – Under the Master Indenture, the Authority has covenanted that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System so that Net Revenues, which are generally defined as Revenues less Operation and Maintenance Expenses for a given period, in each Fiscal Year will be at least equal to 125% of the aggregate annual debt service for all Bonds.

“Bonds” are generally defined by the Master Indenture to mean any debt obligation of the Authority including bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the Authority, and obligations incurred through lease or installment purchase agreements, other agreements, certificates of participation, and bank repayment obligations. The term “Bonds” does not include Subordinate Obligations (which is defined hereinafter).

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

Subordinate Obligations – Under the Master Subordinate Indenture, the Authority has covenanted that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System so that Subordinate Net Revenues (which are generally defined as Revenues less Operation and Maintenance Expenses less senior lien Bond debt service and reserve funding requirement for a given period) in each Fiscal Year will be at least equal to 110% of the Aggregate Annual Debt Service for all Subordinate Obligations for such Fiscal Year (excluding the principal amount of Commercial Paper reissued during the Fiscal Year).

“Subordinate Obligations” shall mean any debt obligation of the Authority issued under the Master Subordinate Indenture and are generally defined to mean a subordinate lien debt obligation including bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the Authority, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and bank repayment obligations.

2) Additional Bonds Test and Additional Subordinate Obligations Test

In order to issue additional parity debt under the Master Indenture, the Authority must comply with one of the two prongs of the Additional Bonds Test, as summarized below:

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

(B) Obtain a certificate prepared by a Consultant showing that the forecasted Net Revenues are expected to be at least 125% of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Bonds and the proposed Bonds to be issued for each year of the forecast period.

In order to issue additional parity debt under the Master Subordinate Indenture, the Authority must comply with one of the two prongs of the Additional Subordinate Obligations Test, as summarized below:

(C) The Subordinate Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Obligations were at least equal to 110% of the sum of the Maximum Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations and the proposed Subordinate Obligations to be issued for such applicable period; or

(D) Obtain a certificate prepared by a Consultant showing that the forecasted Subordinate Net Revenues are expected to be at least 110% of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations

and the proposed Subordinate Obligations to be issued for each year of the forecast period.

3) Annual Debt Service Coverage Targets

The Authority has established debt service coverage targets for its Bonds and Subordinate Obligations in order to maintain adequate financial margins to accommodate unexpected events given the volatile nature of the aviation industry, preserve financial capacity for future funding needs, and maintain strong credit ratings.

The current minimum Debt Service Coverage targets are:

Bonds: 1.75x (for senior lien bonds)

Aggregate Debt Service:

- 1.50x, based upon Net Revenues divided by Aggregate Annual Debt Service on Bonds and Subordinate Obligations (for total debt service)
- 1.20x, based upon an alternative “revenue method” calculation utilized by rating agencies where PFCs are added to Net Revenues (rather than deducted from Debt Service) with the sum divided by Aggregate Annual Debt Service for Bonds and Subordinate Obligations

These debt service coverage targets will be reviewed at least annually by the Authority and its financial advisor to determine appropriate adjustments that may be necessary. As the Authority advances the definition and scope of the planned Airport Development Program, the Authority anticipates potential revisions to the coverage targets.

4) Airline Costs Per Enplaned Passenger Target

The Authority will compare its airline costs per enplaned passenger (“CPE”) with available sources of data, including the rating agencies’ median reports and a selected peer group of airports. Due to the different ways that airports set airline rates and charges, it is recognized that comparisons between airports can be misleading.

The Authority will regularly review and monitor CPE and seek to maintain a competitive rate. As the Authority advances the definition and scope of the planned Airport Development Program, the Authority anticipates potential revisions to these leverage targets.

5) Debt Per Enplaned Passenger Target

The Authority will compare its debt per enplaned passenger with available sources of data, including the rating agencies’ median reports and a selected peer group of airports. Due to the different ways that airports finance their capital facilities, this measure is only one indicator of debt affordability.

The Authority has established a debt (excluding special facility financing) per enplaned passenger goal of no more than \$150.

The Authority will regularly review and update this metric from time to time as may be necessary.

6) Liquidity Target

Recognizing the inherently volatile nature of the aviation industry, the Authority will maintain prudent unrestricted reserves as a backstop to be able to fund its obligations if unforeseen events occur. The level of unrestricted reserves will be evaluated at least annually, as part of the Authority's budgeting and capital planning process.

The Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, and O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 500 days of budgeted operating and maintenance expenses for the current fiscal year.

7) Credit Ratings Target

The Authority will seek to obtain the highest possible credit ratings on its debt, consistent with meeting the operational and long-term development needs of the Airport. The Authority will maintain ratings from at least two of the leading rating agencies for its Senior Lien Airport Revenue Bonds and at a minimum seek to maintain a rating in the highest category of "A" (e.g. A1, A+).

SECTION V. TYPES OF FINANCING – DESCRIPTION AND APPROACH

1) Bonds and Subordinate Obligations of the Authority

In general, issuing senior lien debt under the Authority's Master Indenture will achieve the lowest borrowing costs compared to other forms of borrowing. Under the Master Indenture, senior lien debt is defined as "Bonds". Under the Master Subordinate Indenture, subordinate lien debt is defined as "Subordinate Obligations".

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

Bonds issued for the Airport are limited obligations of the Authority payable solely from and secured by a pledge of Net Revenues generated by the Airport. Subordinate Obligations issued for the Airport are limited obligations of the Authority payable solely from and secured by a pledge of Subordinate Net Revenues generated by the Airport.

Revenues generally include all revenues, income, receipts, and money derived from the ownership and operation of the Airport and all gifts, grants, reimbursements, or payments received from governmental units or public agencies, which are not restricted by law or the payor to application for a particular purpose other than payment of bonds. Among other things, Revenues specifically exclude:

- (A) Passenger Facility Charges (PFCs)
- (B) Released Revenues, which are an identifiable portion of Revenues that have been excluded from Revenues after meeting certain requirements defined in the Master Indenture
- (C) State and/or federal Grants
- (D) Rental car Customer Facility Charges (CFCs)

2) PFC-Supported Bonds and Subordinate Obligations

The Authority leverages PFCs to support investment in Airport infrastructure and facilities. In order to do this, the Authority may make an irrevocable pledge of PFCs to pay eligible debt service for purposes of compliance with the Additional Bonds Test. The Authority may also deposit additional PFC amounts each year to the debt service fund. The Authority will not include PFCs in estimates of future revenues pledged to support Annual Debt Service unless approval for their imposition has been obtained or is expected to be obtained from the FAA.

3) Special Facility Financings

Special Facilities Obligations may be issued by the Authority to finance capital projects and must be secured by a defined revenue stream derived from or relating to discrete facilities such as cargo terminals or maintenance facilities. Such facilities may be leased to one or more tenants.

The Authority may designate facilities at the Airport as Special Facilities and the revenues therefrom as Special Facilities Revenue if such facilities or revenues meet the following tests from the Master Indenture:

(A) The estimated Special Facilities Revenue pledged to the payment of Special Facilities Obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Authority and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and

(B) With respect to the designation of any separately identifiable existing Airport Facilities or Airport Facility as a “Special Facility” or “Special Facilities,” the estimated Net Revenues, calculated without including the new Special Facilities Revenue and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses of the Airport System, will be sufficient so that the Authority will be in compliance with the Rate Covenant; and

(C) No Event of Default then exists under the Indenture

If a facility meets these tests, the Special Facilities Revenues will not be Revenues for the period during which any Special Facilities Obligations are outstanding.

Special Facilities Obligations are limited obligations of the Authority to be repaid solely by Special Facilities Revenues derived from or relating to a discrete facility and are not secured by a lien on Revenues or PFC Revenues. Bonds and Subordinate Obligations are not secured by Special Facilities Revenues.

Special Facilities Obligations may be used in lieu of issuance of Bonds or Subordinate Obligations for financing of discrete airport facilities or airport projects that have an independent revenue stream.

The Authority may permit tenants to undertake Special Facilities Obligations under the following specified terms and conditions:

(A) The financing must comply with the Master Indenture limitations on this type of financing;

(B) A pledge of leasehold mortgage or security interest in the underlying asset may be granted to the trustee or Bondholders in certain circumstances, taking into account any value the Airport receives from the tenant in return;

(C) Terms of bonds will be consistent with the standard terms and the provisions of the Airport's leasing policies;

(D) The Airport will not enhance the creditworthiness of Special Facilities Obligations (for example, through the granting of a re-letting provision), unless the Authority determines it is in the best interests of the Airport, taking into account any value the Airport receives from the tenant in return;

(E) The Special Facilities Obligations are amortized over a period that does not exceed the lesser of: (a) 40 years; or (b) the useful life of the facility (80% of the useful life of the facility for projects that are considered to be "private activities" under federal tax regulations, if tax-exempt financing is used). "Bullet" maturities may be considered if they do not exceed the lesser of: (a) the useful life of the facility; or (b) 25 years, and are amortized on a straight line basis for purposes of calculating amortized cost (see below);

(F) The Authority reserves the right to acquire the facility at its amortized cost and the right to require notices exercising early call redemption provisions for the Special Facilities Obligations;

(G) Any refinancing of assets financed with Special Facilities Obligations will not be permitted without the consent of the Board;

(H) The tenant will reimburse the Authority for all of its costs associated with the Special Facilities Obligations;

(I) The Authority may assess an annual fee for Special Facilities Obligations;

(J) Bond Counsel(s) for the Authority will review all Disclosure documents and prepare the financing documents;

(K) The tenant will satisfy Continuing Disclosure and arbitrage rebate requirements and will provide the Authority with indemnities covering any exposure the Authority may have arising from the financing;

(L) The proposed facility must be compatible with Airport System land and capital use plans; and

(M) The Authority may establish minimum threshold Credit Ratings for airlines and other parties wishing to participate in Special Facilities Obligation financed projects. These threshold Credit Ratings will be reviewed by the Authority from time to time.

4) Bond Anticipation Notes (“BANs”) and Grant Anticipation Notes (“GANs”)

Bond Anticipation Notes (“BANs”) are short-term debt instruments that will be repaid with proceeds of an upcoming bond issue.

Grant Anticipation Notes (“GANs”) are short-term instruments that will be repaid from expected future Federal AIP and TSA grants or other Federal or State grants accepted by the Authority. The FAA and TSA may issue Letters of Intent (“LOI”) to the Authority indicating their intent, although not their commitment, to fund “long term, high priority capacity projects” on a multi-year basis as appropriations become available. Once an LOI is in hand, notes may be issued that are secured by the grants anticipated to be received from the FAA and/or TSA. However, there typically must be an ancillary source of repayment for the notes in the event grant funding is ultimately not received.

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

Notes may be considered Balloon Indebtedness under the Master Indenture, which specifies that, for purposes of calculating the Aggregate Annual Debt Service of Balloon Indebtedness, such Bonds shall be assumed to be amortized in substantially equal annual amounts for principal and interest over a period of 30 years at an interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, or if that index is no longer published, another similar index selected by the Authority. If the Authority fails to select a replacement index, the rate shall be the rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under the Master Indenture. Issuance of BANs and GANs should not occur in amounts or result in amortization that would result in the failure by the Authority of its ability to satisfy its rate covenants and the debt coverage goals contained in this Policy.

5) Capital Appreciation Bonds and Zero Coupon Bonds

The Authority will not issue capital appreciation bonds or zero coupon bonds unless the Authority has determined, quantified and demonstrated that there is a significant benefit over traditional structures.

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

6) Commercial Paper

Commercial Paper is a short-term obligation with maturities ranging from 1 to 270 days. The payment when due of principal and interest on each series of the Notes also is secured by separate irrevocable, direct-pay letters of credit.

The Authority may refinance, refund or purchase outstanding Commercial Paper by issuing new Commercial Paper, by issuing Bonds, or by using available Authority funds.

For purposes of calculating Aggregate Annual Debt Service for a Commercial Paper Program, the principal and interest shall be calculated as if the entire Authorized Amount of such Commercial Paper Program were to be amortized over a term of 35 years commencing in the year in which such Commercial Paper Program is implemented and with substantially level Annual Debt Service payments. The interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed rate Subordinate Obligations of a corresponding term issued under the Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes.

Any outstanding Commercial Paper anticipated to be paid off and not reissued within the current fiscal year shall be excluded from any calculations of variable rate exposure for internal debt management purposes.

The Authority may issue Commercial Paper as sources of interim financing for capital projects. Before issuing such Commercial Paper notes, the take out of such Commercial Paper must be anticipated in the financing plan and determined to be feasible and advantageous by the Authority.

7) Floating Rate Notes and Revolving Credit Facilities

Floating Rate Notes (FRNs), including Revolving Credit Facilities, are notes that have a variable coupon, equal to a money market reference rate, such as SIFMA (Securities

Industry and Financial Markets Association) or LIBOR (the London Interbank Offered Rate), plus a spread. The spread is a rate that remains constant. At the beginning of each coupon period, the coupon is calculated by taking the fixing of the reference rate for that day and adding the spread. Because the coupon resets based on a short-term index, the issuer is exposed to rising interest rates unless it has swapped the debt to a fixed rate. However, unlike variable rate demand obligations or Commercial Paper, FRNs are not supported by a bank liquidity facility, and therefore do not pose short-range liquidity/refinancing risk to the issuer.

The Authority may issue FRNs as a source of interim financing for capital projects. Before issuing such FRNs, the take out of such notes must be anticipated in the financing plan and determined to be feasible and advantageous by the Authority.

8) Equipment Leases

Equipment leases are basically loans pursuant to which the lender buys and owns certain equipment (e.g., jet bridges, baggage systems, flight and baggage information display systems) and then "rents" it to the Authority at a flat monthly rate for a specified number of months. At the end of the lease, the Authority may purchase the equipment for its fair market value (or a fixed or predetermined amount), continue leasing, lease new equipment or return the equipment. The Authority may explore equipment leases as a financing vehicle and alternative to debt if the terms and conditions of the lease (including the interest rate charged) are more favorable.

9) Installment Payment Agreement

The Authority may also finance certain facilities under an agreement with a third-party whereby the third-party funds the investment in the facility and the Authority agrees to pay the third party as rental/payment for the use and occupancy of the facility specific installment payments. The installment payments would be made from the Authority's available funds after payment of all Operation and Maintenance Expenses, all funds necessary to pay debt service on and to fund the reserves for the Authority's Outstanding Senior and Subordinate Debt Obligations and amounts necessary to fund the Authority's Operation and Maintenance Reserve Subaccount and Renewal and Replacement Subaccount in accordance with the Master Trust Indenture.

10) Direct Loans

The Authority may also enter into a direct loan with a financial institution to meet certain of its financing needs. A direct loan is made directly with a financial institution and may be a fixed or variable product. The Authority may use direct loans as interim or permanent financing for capital projects or to refinance outstanding debt.

SECTION VI. FEATURES OF LONG-TERM DEBT

The Vice President, Finance and Asset Management/Treasurer will recommend to the Board the structure and term of long-term debt according to the general policies described below.

1) Selection of Final Maturity and Amortization of Principal

The final maturity of borrowings should not exceed, and preferably be less than, the projected economic life of the improvements that are financed or such shorter period as required by Federal tax law, if tax-exempt debt has been used.

2) Use of Capitalized Interest

The Vice President, Finance and Asset Management/Treasurer will evaluate whether or not to capitalize the early years' interest cost in a bond issue by taking into account the impact this action would have on the size of the bond issue, future Annual Debt Service requirements, accounting treatments and budgetary impacts.

3) Tax Status

The Vice President, Finance and Asset Management/Treasurer will evaluate whether or not to issue taxable bonds in lieu of bonds that are subject to the Alternative Minimum Tax (AMT) for certain maturities for private activity financing needs. In some market conditions, the cost for taxable debt may be less than the cost for AMT bonds for certain maturities.

4) Sizing of Debt Service Reserve Funds

Except in limited circumstances, the Master Indenture and the Master Subordinate Indenture require either the funding of a common Debt Service Reserve Fund in an amount sufficient to satisfy the reserve requirement for all existing and proposed Bonds or Subordinate Obligations under the respective master indenture participating in such master reserve fund, or the funding of a Debt Service Reserve Fund in an amount sufficient to satisfy the reserve requirement for only the proposed issue. With each issuance of Bonds or Subordinate Obligations, the Vice President, Finance and Asset Management/Treasurer will compare the costs of funding required increases to the reserve requirement from bond proceeds with the costs of satisfying the reserve requirement through the use of a reserve fund surety. The potential effect on credit ratings will also be considered when comparing reserve requirement funding alternatives.

5) Selection of Redemption Provisions

Redemption provisions will be established on a case-by-case basis, taking into consideration market conditions and the results of a call option analysis prior to the time of sale.

The issuance of non-callable Bonds or Subordinate Obligations should be considered only in special circumstances based upon the specific transaction. Because the issuance of non-callable debt may restrict future financial flexibility, cost will not be the sole

determinant in the decision to issue non-callable bonds. The preference of the Authority is to issue debt with standard redemption provisions.

6) Use of Discount Bonds

Prior to issuing Bonds or Subordinate Obligations at a dollar price less than 97.0% of par, the Vice President, Finance and Asset Management/Treasurer will request from the financial advisor an analysis of the reduced option value resulting from the assignment of a lower interest coupon. The Authority will consider issuing the discount debt, where permissible under tax law, if the present value debt service savings provided by the lower interest coupon is greater than the reduction in call option value. Other benefits such as the participation of new investors will be an additional consideration.

7) Use of Premium Bonds

Prior to issuing Bonds at a dollar price greater than par, the Vice President, Finance and Asset Management/Treasurer will request from the Authority's financial advisor a brief cost/benefit analysis of the interest saved using premium debt versus other possible pricing structures.

8) Minimum Criteria for Debt Financing Equipment Items

The Authority will not issue long-term debt to finance individual items of equipment with a useful life less than five (5) years, except under a master lease program.

SECTION VII. REFUNDING OPPORTUNITIES

The Vice President, Finance and Asset Management/Treasurer and the Authority's financial advisor will monitor refunding opportunities for all outstanding debt obligations on a periodic basis applying established criteria in determining when to issue refunding bonds for debt service savings.

(It is acknowledged that refunding issues may be executed for reasons beyond economic purposes, such as to restructure debt service, to change the type of debt instruments being used, or to retire a bond issue and indenture in order to remove undesirable covenants.) The refunding criteria will include a comparison of expected present value savings with the option value of the existing callable bonds. Generally, the Authority will pursue refunding opportunities if the expected net present value savings provide sufficient compensation for the exercise of the optional redemption provision. Recommendations as to the sufficiency of the net present value savings will be provided by the Authority's financial advisor.

An Advance Refunding involves refunding tax-exempt bonds more than 90 days in advance of the bond's first optional redemption date. Currently, only Governmental Purpose tax-exempt bonds (as that term is defined in the Internal Revenue Code) may be advance refunded. An Advance Refunding is an important debt management tool for the Authority. Advance Refundings are commonly used to achieve interest cost savings, to remove or change burdensome bond covenants or to restructure future debt service payments. For bonds issued after December 31, 1985, only one Advance Refunding of Governmental Purpose tax-exempt bonds may occur under Federal tax law and thus the Authority must carefully evaluate the appropriateness of Advance Refunding when an

opportunity arises. A current refunding involves issuing refunding bonds no earlier than ninety (90) days prior to the bond’s optional redemption date. Federal tax law does not limit the number of current refundings of any bond.

The Authority will anticipate the potential for Advance Refundings when issuing new debt. Careful attention will be given to pricing considerations that will affect future Advance Refunding flexibility such as optional redemption provisions and interest characteristics.

The following considerations apply when the Authority considers refunding opportunities:

1) Monitor Potential Savings:

The Vice President, Finance and Asset Management/Treasurer, with the assistance of the Authority’s financial advisor, will monitor on an ongoing basis potential savings available by refinancing outstanding debt of the Authority. Savings will be analyzed on a present value basis by using a percentage of the refunded par amount. All costs and benefits of the refinancing will be taken into account.

2) Target Savings Amounts:

A present value analysis must be prepared to identify the economic effect of any proposed refunding. To proceed with a refinancing for economic savings, the Authority will evaluate the net present value savings as a percentage of the refunded par amount relative to the time to the first call date of the bonds and the maturity date of the bonds, using the following guidelines:

<i>Years from the date of first call to Maturity Date of the Bonds</i>	Years to the first Call Date		
	After the First Call Date to Up to 1 Year Before	1 to 3 Years Before the First Call Date	More than 3 Years Before the First Call Date
0-5 Years	0.5%	1.0%	2.0%
6-10 Years	1.0%	2.5%	4.0%
11-20 Years	3.0%	4.0%	5.0%

3) Other Considerations:

Some refundings may be executed for other than economic purposes, such as to restructure debt, to change the type of debt instrument, or to retire a bond issue and indenture for more desirable covenants. In addition, if the benefits outweigh the costs and the refunding opportunity would otherwise be lost, the Authority may proceed with a refunding that has economic benefit but does not meet the criteria stated above in the “Target Savings Amount” paragraph above.

4) Non-Traditional Refundings:

Refundings executed with non-traditional structures such as swaps, require a full analysis of the benefits and risks, and may require higher economic benefits.

SECTION VIII. ISSUANCE OF VARIABLE RATE DEBT

Variable Rate Debt typically is issued for a term of up to 30 years, although the interest rate on this debt instrument is reset daily, weekly, monthly or less commonly, periodically.

The Authority recognizes that variable rate securities are a useful debt management tool that traditionally has had lower interest rate costs than fixed rate debt. The Authority's current goal is to maintain a debt program which may include both fixed and variable rate debt, as well as Commercial Paper.

1) Purposes of Variable Rate Debt

The Vice President, Finance and Asset Management/Treasurer may recommend that variable rate securities be issued for the following purposes:

(A) Interim Financing Tool

The Authority may consider issuing Variable Rate Debt in connection with its major debt-financed capital projects, especially when interest rates associated with a fixed rate, long term borrowing far exceed the interest rates that can be earned on the construction and capitalized interest funds (resulting in a significant amount of negative arbitrage). Because Variable Rate Debt can be retired or redeemed without penalty, these instruments may better suit circumstances where a refunding or restructuring of a potential debt issue is likely for any reason, (for example, if a change in use of the facility to be funded may reasonably be anticipated, or if grant or another source of funds may be obtained to substitute for bond funding).

Certain variable rate products—most notably, Commercial Paper—can be issued incrementally as funds are needed to finance current construction, and can reduce the long-term cost of construction financing.

(B) Statement of Net Position Management Tool

The maintenance of Variable Rate Indebtedness and Commercial Paper liabilities at a level that takes into consideration the amount of short-term assets maintained by the Authority prudently reduces the Authority's risk of exposure to changes in interest rates. Since the Authority invests its free cash balances in short term instruments, it is exposed to interest rate fluctuations at the short end of the yield curve. Conversely, a large portion of its liabilities are in the form of long term, fixed-rated debt. When interest rates fall, the Authority's assets earn less, while its liabilities are fixed. Offsetting this exposure by better matching the variability of earnings on its assets with variable, rather than fixed, rate liabilities serve as a hedge against interest rate risk and reduces the overall cost of funds.

(C) Diversify Investor Base to Lower Costs

Typically, variable rate debt is sold to a different segment of investors than long-term fixed rate bonds. By tapping short-term investors, an issuer broadens and diversifies its investor base. By becoming a familiar and respected credit among short-term investors, the Authority will be in a better position to gain access to these buyers at those times when it is less advantageous to borrow in the fixed-rate market.

(D) Management of Negative Arbitrage

Issuing debt in a variable rate mode reduces or at times may even eliminate negative arbitrage in Construction, Capitalized Interest and Debt Service Reserve Funds. (See "A" above)

2) Criteria for Use of Variable Rate Debt

The Authority's net variable rate debt composition (defined as variable rate debt less unrestricted cash reserves) excluding interim financings (defined as financings the Authority intends to take out with permanent long term financings) will not exceed the greater of 15% of total debt or \$100 million.

Statement of Net Position Risk Mitigation - In determining the appropriate amount of variable rate debt to be issued for risk mitigation purposes, the following factors should be taken into account, and analyzed on the basis of the funds that will be repaying the debt:

- (i) The historic average of cash balances analyzed over the course of several prior fiscal years.
- (ii) Projected cash balances based on known demands on the given fund.
- (iii) Any basis risk, such as differences in the performance or average life of the Authority's investment vehicle (e.g., swaps, as discussed in Section IX) and the variable rate debt instrument.

3) Diversification of Remarketing Agents and Counterparties

In selecting remarketing agents for variable rate debt, the Authority will seek to choose a diversity of remarketing agents to better foster competition. For similar reasons, the Authority will seek to diversify its counterparties when selecting institutions to provide liquidity or credit enhancement for Airport variable rate debt.

4) Budgeting

The Vice President, Finance and Asset Management/Treasurer will determine the appropriate method for budgeting the interest cost of variable rate debt by considering

historic interest rates, projected interest rates and the effect of risk mitigation products such as interest rate swaps or caps.

5) Monitoring and Reporting

The Vice President, Finance and Asset Management/Treasurer will monitor the performance of actual interest rates on variable rate debt and periodically report the results. Reports will be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and with rules promulgated by the General Accounting Standards Board (GASB). With the assistance of its financial advisor, the Vice President, Finance and Asset Management/Treasurer will regularly review the performance of the individual remarketing agents in relation to other remarketing agents, similar programs and market indices.

SECTION IX. DERIVATIVES

The Authority has adopted and will maintain a separate policy for derivatives (Policy 4.21 “Policy Regarding the Use and Management of Derivative Products”).

SECTION X – METHOD FOR SALE OF DEBT

There are two methods of issuing debt obligations: a Competitive Sale and a Negotiated Sale. In a Competitive Sale, Underwriters submit sealed bids, and the Underwriter or Underwriting Syndicate with the lowest True Interest Cost (TIC) is awarded the sale. In a Negotiated Sale, the Underwriter or Underwriting Syndicate is selected through a Request for Proposal (RFP) process. The interest rate and Underwriter’s fee are negotiated prior to the sale, based on market conditions.

It is usually not feasible to issue bonds through a Competitive Sale for certain types of financings, such as Variable Rate Debt, Commercial Paper and specialized financings like Special Facility Revenue Bonds. Further, there are factors (e.g., flexibility as to timing and the mix of the underwriting syndicate) that support the use of a Negotiated Sale. Still, a competitive process should be used to choose the appropriate Underwriter and financing team to ensure the most qualified firms are used for a specific financing. The current policy of the Authority establishes a preference for Negotiated Sales of its Bonds.

Role of Underwriters in Negotiated Sale

The Authority expects its underwriters to: 1) participate in a valuable and significant way with respect to the structuring and pricing of each debt issue and sales performance; 2) cooperate fully with other financing team members in a way that provides the maximum benefit to the Authority; and 3) attend meetings, when requested, related to the issuance of debt.

The book running senior manager, in conjunction with the financial advisor, is responsible for developing a time and responsibility schedule that will allow for the timely and successful

completion of the financing. The book running senior manager is responsible for communicating the Authority's plan of finance and timing to the other managing Underwriters in the syndicate.

Underwriter Selection in Negotiated Sale

The Authority may select Underwriters for an individual financing or to serve as part of a pre-qualified pool of Underwriters available for appointment for anticipated financings. In either case, the Authority would conduct a competitive selection process, which should include:

- Developing an RFP that meets the financial and policy goals of the Authority.
- Meeting the Authority procurement requirements.
- Circulating the RFP to a wide range of Underwriters (e.g. national and regional firms, DBE and majority firms, and firms that specialize in certain types of debt).
- Diligently evaluating the Underwriters' proposals received in response to the RFP.
- Conducting follow-up interviews with any or all of the proposing firms (optional).
- Selecting candidates to be recommended for appointment to an individual financing or to an Underwriter pool.

Should the Board appoint underwriters to a pre-qualified pool after an RFP process, the Vice President, Finance and Asset Management/Treasurer may recommend such firms for appointment to specific financings, without a subsequent RFP process.

SECTION XI. INVESTMENT OF BOND PROCEEDS

The Authority shall invest proceeds generated through the issuance of debt in compliance with the terms of eligible investments under the relevant bond indenture and related bond documents; its Investment Policy; and applicable state laws.

SECTION XII. COMPLIANCE WITH FEDERAL TAX LAW AND MARKET DISCLOSURE OBLIGATIONS

1) Compliance with Federal Tax Law

The Vice President, Finance and Asset Management/Treasurer shall establish a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the Federal tax code and ensure compliance with other Federal tax regulations and post-issue compliance as required by Bond Counsel at the time of issuance of the debt. This effort shall include tracking expenditures of bond proceeds to ensure such expenditures comply with federal tax law requirements, tracking investment earnings on proceeds, retention of a rebate consultant to prepare and calculate rebate payments in compliance

with tax law and remitting any earnings subject to rebate to the Federal government in a timely manner in order to preserve the tax-exempt status of the Authority's outstanding debt issues that have been issued on a tax-exempt basis.

The Authority will comply with all covenants contained in tax certificates.

Trustee banks have been appointed for the Authority's outstanding debt. The trustees shall perform all functions and duties required under the terms and conditions set forth in the respective bond indentures and trust agreements, including maintaining records of fund balances and investments.

2) Initial Disclosure

The Authority acknowledges its responsibilities under the securities laws to avoid material misstatements and omissions in offering documents used in the marketing of Authority debt. The Vice President, Finance and Asset Management/Treasurer shall manage and coordinate the disclosure documentation preparation process and shall establish a system of procedures to ensure the preparation of appropriate disclosure documentation when required, with assistance from the Authority's General Counsel and the Authority's Bond and/or Disclosure Counsel. When necessary, the Vice President, Finance and Asset Management/Treasurer shall provide training covering new developments and disclosure responsibilities to staff members.

3) Continuing Disclosure

To assist Underwriters to comply with Securities and Exchange Commission ("SEC") Rule 15c2-12, the Authority has entered into and expects in the future to enter into additional Continuing Disclosure Undertakings. The Authority is required to provide 1) Annual Reports, containing the Authority's audited financial statements as well as updates of operating and financial data included in the Authority's offering documents, and 2) notices of certain enumerated events.

i) Notice of the occurrence of any of the following events shall be given, or caused to be given by the Authority, with respect to any bonds, not later than ten business days after the occurrence of the event:

- (A) Principal and interest payment delinquencies;
- (B) Unscheduled draws on the Debt Service Reserve Funds reflecting financial difficulties;
- (C) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (D) Substitution of credit or liquidity providers, or their failure to perform;
- (E) Adverse tax opinions with respect to the tax status of any bonds or the issuance by the Internal Revenue Service of proposed or final determination

of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to any bonds;

- (F) Tender offers;
- (G) Defeasances;
- (H) Rating changes; or
- (I) Bankruptcy, insolvency, receivership or similar event of the obligated person:

Note: for the purposes of the event identified in subparagraph (I), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (J) Any applicable revision to rule 15c2-12 adopted by the SEC.

ii) Notice of the occurrence of any of the following events with respect to any bonds, if material, shall be given, or caused to be given by the Authority, not later than ten business days after the occurrence of the event:

- (A) Unless described in paragraph 3(i)(E), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of any bonds or other material events affecting the tax status of any bonds;

- (B) Modifications to rights of the owners of any bonds;
- (C) Optional, unscheduled or contingent bond calls;
- (D) Release, substitution or sale of property securing repayment of any bonds;
- (E) Non-payment related defaults;

- (F) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(G) Appointment of a successor or additional trustee or the change of name of a trustee;

(H) Any applicable revision to rule 15c2-12 adopted by the SEC.

SECTION XIII. RATINGS AGENCIES AND INVESTOR RELATIONS

The Vice President, Finance and Asset Management/Treasurer shall be responsible for implementing and managing the Authority's Credit Rating agency relationship. The Authority recognizes the importance of immediate and timely Disclosure of relevant financial and program information concerning its debt programs to the rating agencies and pursuant to its continuing disclosure undertakings. This effort shall include periodic meetings with the rating agencies and shall provide the rating agencies with the Authority's annual budget projections, financial statements and other relevant information.

The Vice President, Finance and Asset Management/Treasurer shall be responsible for implementing and managing the Authority's investor relations program including the maintenance and periodic updating of the financial information provided on the Authority's web site. The Authority shall attempt to promptly respond to any reasonable inquiry from an institutional or retail investor concerning information generally available to the investing public.

SECTION XIV. AMENDMENTS TO DEBT ISSUANCE AND MANAGEMENT POLICY

The Policy codifies and explains the guidelines and the policies that govern existing and anticipated debt obligations of the Authority. In addition, the Policy sets forth certain financial management practices in capital budgeting that will enhance the Authority's ability to manage its projected debt issuance. The Policy will require changes and modifications over time. The Vice President, Finance and Asset Management/Treasurer shall be responsible for ensuring the policy is current and will review the Policy annually, at a minimum. In the event that changes to the Policy are necessary, the Vice President, Finance and Asset Management/Treasurer shall propose such changes to the CEO. Upon CEO approval, the proposed amended Policy will be submitted to the Board requesting approval.

GLOSSARY (PROVIDED FOR INFORMATIONAL PURPOSES ONLY)

Additional Bonds Test: The earnings test which must be satisfied under the provisions of a revenue bond contract before bonds of an additional issue having the same lien on a pledged revenue source can be issued. Typically, the test required that historical or future estimated pledged revenues exceed total debt service (existing and proposed) by a certain ratio. The test provides protection to investors that the bond issuer will not issue additional parity bonds without providing ample security to the investors in the previous financing(s).

Advance Refunding: A refunding that occurs more than 90 days in advance of the first optional redemption date. Under current IRS regulations, Governmental Purpose tax-exempt bonds issued after December 31, 1985 are permitted only one advance refunding. Additionally, certain private activity bonds may not be advance refunded.

Airline Costs per Enplaned Passenger (“CPE”): A comparative statistic used to demonstrate the affordability of airline operations at an airport. CPE is often used in the process of determining the credit quality of an issue. It is typically calculated as total passenger airline revenue divided by the number of enplaned passengers in any fiscal year.

Airport Revenue Bonds: Airport Revenue Bonds (also known as General Airport Revenue Bonds, or “GARBs”) are bonds issued pursuant to the terms of a trust indenture or ordinance which are secured either by a pledge of gross or net airport revenues.

Alternative Minimum Tax: Other than for certain private activity bonds issued during the AMT “waiver” period authorized by the American Recovery and Reinvestment Act of 2009 (“ARRA”), interest on tax-exempt private activity bonds issued after August 7, 1986 (other than bonds for 501(c)(3) organizations and refundings of pre-August 8, 1986 bonds) is generally subject to the Alternative Minimum Tax (“AMT”) as a specific item of tax preference. ARRA exempted new money and certain refundings of private activity bonds issued in 2009 and 2010 from the AMT penalty.

Amortization: The process of paying the principal amount of an issue of securities by periodic payments either directly to holders of the securities or to a sinking fund for the benefit of security holders.

Arbitrage: With respect to the issuance of municipal securities, arbitrage usually refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding taxable securities. Federal income tax laws generally restrict the ability to earn arbitrage in connection with tax-exempt bonds.

Arbitrage Rebate: A payment made by an issuer to the federal government in connection with an issue of tax-exempt bonds. The payment represents the amount, if any, of arbitrage earnings on bond proceeds and certain other related funds, except for earnings that are not required to be rebated under limited exemptions provided under the Internal Revenue Code. An issuer generally is required to calculate, once every five years during the life of its bonds, whether or not an arbitrage rebate payment must be made.

Balloon Maturity: A bond structure wherein the principal amount becomes due and payable on one date, generally at the end of the bond term.

Basis Point: Yields on bonds are usually quoted in increments of basis points. One basis point is equal to 1/100 of one (1%) percent. For example, the difference between 6.00% and 6.50% is 50 basis points.

Bond Counsel: A law firm retained by the bond issuer to give a legal opinion that the bond issuer is authorized to issue proposed securities, the bond issuer has met all legal requirements necessary for issuance, and interest on the proposed securities will be exempt from federal income taxation and, where applicable, from state and local taxation. Usually, bond counsel will prepare authorizing resolutions and ordinances, trust indentures and other bond documents with the exception of the Official Statement.

Bondholder: The owner of a municipal bond whose name is noted on the bond register.

Bond Insurance: Insurance which provides an additional guarantee of the timely payment of principal and interest of either an entire bond issue or specified maturities. In exchange for payment of the bond insurance premium, a higher credit rating (the rating of the insurer) is assigned to the insured bonds and a lower cost of funds may be attained.

Bond Purchase Agreement: The contract between the Syndicate and the bond issuer setting forth the final terms, prices and conditions upon which the Syndicate will purchase a new issue.

Book Running Senior Manager: The managing underwriter that controls the book of orders for the transaction and is primarily responsible for the successful execution of the transaction.

Broker-Dealer: A securities firm engaged in both buying and selling securities on behalf of customers and also buying and selling securities on behalf of its own account.

Build America Bonds (“BABs”): Taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bondholder. The most widely used version was authorized under the American Recovery and Reinvestment Act (“ARRA”) that allowed BABs to be issued in 2009 and 2010 with a 35% of interest subsidy (subsequently reduced under the federal sequestration program) to the issuer received as direct payments from the federal government. The proceeds of BABs authorized under ARRA could only be used to fund non-private activity, governmental purposes.

Bullet Maturity: See Balloon Maturity.

Callable Bond: A bond where the bond issuer is permitted to redeem it before the stated maturity date at a specified price by giving notice of redemption in the manner specified in the bond document.

Capital Appreciation Bond: A municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment (the “maturity value”) representing both the initial principal amount and the total investment return. It differs from a Zero Coupon Bond in that only the initial principal amount is counted against an issuer’s statutory debt limit, rather than the total par value at maturity.

Capitalized Interest: A portion of the proceeds of an issue which is set-aside to pay interest on the bonds for a specified period of time. Interest is commonly capitalized during the construction period of a revenue-producing project.

Commercial Paper: Short-term (1 to 270 days) promissory notes usually issued to provide for interim financing of projects through the construction period and backed by a letter or line of credit from a commercial bank. Following the completion of the projects, principal and interest due on commercial paper is often redeemed through the issuance of long-term refunding bonds.

Competitive Sale: The sale of a new issue of bonds by an issuer through a bidding process where underwriters are awarded the bonds on the basis of offering the lowest cost of funds for the issuer usually as measured on a true interest cost (TIC) basis. The bid parameters for the public sale are established in the notice of sale or notice inviting bids.

Credit Enhancement: The use of the credit of an entity other than the issuer to provide additional security in a bond or note financing. This term typically is used in the context of bond insurance, letters of credit and other similar facilities.

Credit Ratings: Evaluations of the credit quality of bonds made by independent ratings services such as Moody's Investors Service, Standard & Poor's Ratings Group, Fitch and Kroll. Credit ratings are intended to measure the probability of timely repayment of principal and interest on municipal securities. Credit ratings are assigned before issuance of the bonds and are periodically reviewed or may be amended to reflect changes in the issuer's credit position. Bonds with investment grade ratings are assigned credit ratings between Baa3/BBB- and Aaa/AAA.

Current Refunding: A current refunding involves refunding bonds within 90 days of the bonds first optional redemption. Federal tax law does not limit the number of current refundings of any tax-exempt bond.

Customer Facility Charge (CFC): A fee imposed by a car rental company upon a car rental customer arriving at the airport and renting a vehicle from an on-airport or off-airport car rental company serving the airport. The CFC is collected by the car rental company generally for use by the airport in funding rental car facility-related projects or debt associated with such projects.

Debt Ratios: Comparative statistics showing the relationship between a bond issuer's outstanding debt and factors affecting repayment. Such ratios are often used in the process of determining the credit quality of an issue. Examples of debt ratios applied to airport bonds include: debt/revenues/costs per enplaned passenger, debt service coverage ratio, utilization per gate, operating ratio and net takedown.

Debt Service: The amount due for repayment of interest and principal on outstanding debt, including required contributions to a sinking fund for term bonds. Debt service may be computed on a bond year, fiscal year or calendar year basis.

Debt Service Coverage: The ratio of Net Revenues annually available to pay debt service on bonds to the annual debt service requirement. This ratio is one indicator of the credit quality of a bond issue. For example, a coverage ratio of "1.50x" means that for every \$1.00 of annual debt service, the bond issuer has \$1.50 of annual net revenues.

Debt Service Reserve Fund: The fund in which moneys are placed which may be used to pay debt service if Net Revenues are insufficient to satisfy the debt service requirements. The size of this fund is generally established by the reserve requirement, which is generally equal to the lesser of: (i) 10% of new issue par, (ii) maximum annual debt service (debt service is amount due on existing and proposed debt for a common debt service reserve fund), and (iii) 125% of average annual debt service (debt service is amount due on existing and proposed debt for a common debt service reserve fund).

Debt Service Reserve Fund Surety Policy: A debt service reserve fund insurance policy provided by a highly-rated municipal bond insurer or a letter of credit provided by a highly-rated commercial bank which guarantees the funding of the reserve requirement.

Defeasance: Bonds for which the payment of debt service has been assured through the structuring of a portfolio of government securities, the principal and interest on which will be sufficient to pay debt service on the outstanding bonds. The rights and interest of the bondholders and of their lien on pledged revenues is terminated in accordance with the bond documents through a defeasance. Defeasance usually occurs through the issuance of refunding bonds.

Disclosure: From the perspective of the bond issuer, it is taken to mean the dissemination of accurate and complete information material to an existing or proposed bond issuance which an investor is likely to consider important in making an investment decision. The material facts pertinent to a new bond offering are disclosed in the Official Statement.

Disclosure Counsel: A law firm retained by the bond issuer to prepare the Official Statement and provide a 10b-5 opinion.

Discount Bond: A bond sold for less than its face value as a result of the yield exceeding the coupon rate.

Financial Advisor: A consultant who advises the bond issuer on matters such as bond structure, timing, marketing, pricing, documentation and credit ratings. The consultant may also provide non-bond related advice relating to capital planning and investment management.

Fixed Rate Debt: Securities with an interest rate that is established for the life of the securities.

Forward Refunding: A Forward Refunding is an agreement, usually between an issuer and the underwriter, whereby the issuer agrees to issue bonds on a specified future date and an underwriter agrees to purchase such bonds on such date. The proceeds of such bonds, when issued, are generally used to refund the issuer's outstanding bonds.

Group Net Order: An order for bonds submitted by a Syndicate member in which the takedown is distributed to Syndicate members according to their respective liability shares in the issue.

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

Interest Rate Risk: The risk associated with changes in general interest rate levels or Yield Curves (see Yield Curves below).

Letter of Credit: A commitment usually made by a commercial bank to honor demands for timely payment of debt service upon compliance with pre-established conditions and/or the occurrence of certain events specified in the agreement between the bank and the issuer of the debt. Letters of credit are often issued as additional sources of security for issues of notes, commercial paper or bonds, with the bank issuing the letter of credit committing to pay debt service on the bonds. Debt issued with a letter of credit may be assigned the credit rating (short- and/or long-term) of the letter of credit provider. Letters of credit may also provide liquidity support for such debt issues.

Master Indenture: The Trust Indenture that governs all the senior lien bond obligations of the issuer.

Master Subordinate Indenture: The Trust Indenture that governs all the subordinate lien bond obligations of the issuer.

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

Negotiated Sale: The sale of a new issue of bonds by an issuer through an agreement with an underwriter or underwriting Syndicate selected by the issuer. Bonds are generally sold on a negotiated basis when market conditions, issue structure or issue credit quality indicate that a competitive sale would result in higher borrowing costs for the issuer.

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

Official Statement: A document published by the bond issuer, and often prepared by Disclosure Counsel, which discloses material information on a new bond issue including the purpose of the issue, source of repayment, bond covenants as well as financial, economic, demographic and legal characteristics of the bond issuer. The Official Statement is used by investors to determine the credit quality of the bond issue. An Official Statement is deemed preliminary prior to the determination of the interest rates on the bond issue.

Parity Bonds: Two or more subsequent issues of bonds which have the same priority of claim or lien against pledged revenues.

Passenger Facility Charge (PFC): A fee, in amounts up to \$4.50, assessed to enplaned passengers at commercial airports controlled by public agencies. Airports use these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition. Federal law limits use of PFC funds strictly to the above categories.

Premium Bond: A bond sold for greater than its face value as a result of the coupon rate exceeding the yield.

Redemption Provisions: Terms set out in the bond documents which give the bond issuer the right or requirement to redeem or “call” all or a portion of an outstanding issue of bonds prior to their stated dates of maturity at a specified price.

Remarketing Agent: A broker-dealer responsible for reselling to new investors securities (such as variable rate demand obligations and other tender option bonds) that have been tendered for purchase by their owner. The remarketing agent also typically is responsible for resetting the interest rate for a variable rate issue and also may act as tender agent.

Retail Order: An order for bonds placed by an individual or, as determined by the bond issuer, a retail order may also include an order placed by a bank trust department or an investment advisor for an individual.

Secondary Market Disclosure: Disclosure of information relating to outstanding municipal securities made following the end of the underwriting period by or on behalf of the issuer of the securities.

Securities and Exchange Commission (SEC): The Federal agency responsible for supervising and regulating the securities industry. In general, municipal securities are exempt from the SEC's registration and reporting requirements. Brokers and dealers in municipal securities, however, are subject to SEC regulation and oversight. The SEC also has responsibility for the approval of Municipal Securities Rulemaking Board (MSRB) rules, and has jurisdiction, pursuant to SEC Rule 10b-5, over fraud in the sale of municipal securities.

SEC Rule 15(c)2-12: A regulation of the SEC which requires underwriters participating in primary offerings of municipal securities of \$1,000,000 or more (i) to obtain, review, and distribute to investors copies of the issuer's disclosure documents; (ii) to obtain and review a copy of an Official Statement deemed final by an issuer of the securities, except for the omission of specified information; (iii) to make available upon request, in non-competitively bid offerings, the most recent preliminary official statement, if any; (iv) to contract with an issuer of the securities, or its agent, to receive, within specified time periods, sufficient copies of the issuer's final official statement, both to comply with this rule and any rules of the Municipal Securities Rulemaking Board; and (v) to provide, for a specified period of time, copies of final Official Statements to any potential customer upon request. The rule contains exemptions for underwriters participating in certain offerings of municipal securities issued in large denominations that are sold to no more than 35 sophisticated investors, have short-term maturities, or have short-term tender or put features. The release also modifies, in limited respects, a previously published interpretation of the legal obligations of municipal securities underwriters.

Senior Lien Bonds: Bonds which have a prior claim against pledged revenues.

Serial Bonds: Bonds of an issue in which principal is amortized in successive years without interruption.

Subordinate Lien Bonds: Bonds which have a subordinate, or junior, claim against pledged revenues.

Special Facility Obligations: The issuance of bonds by a governmental entity to finance a project with repayment secured by a defined revenue stream derived from or relating to the use of the completed project.

Syndicate: A group of underwriters formed to purchase and re-offer a bond issuer's bonds for sale to the public. The syndicate is organized for the purposes of sharing the risks of underwriting the issue, obtaining sufficient capital to purchase a bond issue and for broader distribution of the issue to the general public. Each syndicate member has a share in the liability of the issue.

Takedown: The total discount at which members of syndicates buy bonds from an issuer.

Tax Events Risk: Risk to the issuer of variable rate bonds created by either a change in the taxable equivalent yield of comparable investments or loss of tax-exempt status. For an issuer of variable rate bonds, a reduction in federal income tax rates would increase interest costs. Re-classification of outstanding variable rate bonds as taxable would also increase interest costs.

Term Bonds: Bonds comprising a large part of the issue which come due in a single maturity. The bond issuer usually makes periodic payments into a sinking fund for mandatory redemption of term bonds before maturity or for payment at maturity.

True Interest Cost: The rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received on the closing date of the bond issue.

Trust Indenture: A contract between a bond issuer and a trustee, for the benefit of bondholders. The trustee administers the funds specified in the indenture and implements the remedies provided in case of default.

Underwriter: A dealer which purchases a new issue of bonds for resale either by negotiation with the issuer or by award on the basis of a competitive bid.

Underwriter's Counsel: A law firm retained by the Underwriter to represent their interests in connection with the negotiated purchase of a new issue of bonds. The firm's duties may include review of all bond documents, preparation of the agreement among Underwriters and negotiation of the bond purchase contract between the Underwriter and the bond issuer.

Underwriter's Gross Spread: In a negotiated sale, the difference between the price the Underwriter pays the bond issuer and the original reoffering price to the public; includes the management fee, expenses, and sales commissions (takedown and concession).

Variable Rate Debt: Securities with an interest rate that changes at intervals according to an index or formula, or is periodically (daily, weekly or monthly) reset at the market clearing rate. Variable rate debt is also known as "floating rate debt".

Yield Curve: Refers to the graphical or tabular representation of interest rates across different maturities. The presentation often starts with the shortest-term rates and extends towards longer maturities. It reflects the market's views about implied inflation/deflation, liquidity, economic and financial activity, and other market forces.

Zero Coupon Bond: An original issue discount bond on which no periodic interest payments are made but which is issued at a deep discount from par, accreting (at the rate represented by the offering yield at issuance) to its full value at maturity.

[Amended by Resolution 2017-0050 dated June 1, 2017.]

[Amended by Resolution 2015-0042 dated May 21, 2015.]

[Amended by Resolution 2014-0050 dated June 5, 2014.]

[Amended by Resolution 2013-0048 dated June 6, 2013.]

[Amended by Resolution 2012-0060 dated June 7, 2012.]

[Amended by Resolution 2011-0078 dated July 7, 2011.]

[Adopted by Resolution. 2010-0046 dated May 6, 2010.]

FINANCE COMMITTEE

Meeting Date: **MAY 24, 2018**

Subject:

Annual Review and Approval of Amendments to Authority Policy 4.20 - Guidelines for Prudent Investments, Delegation of Authority to Invest and Manage Authority Funds to the Vice President, Finance and Asset Management/Treasurer

Recommendation:

Forward to the Board with a recommendation for approval.

Background/Justification:

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

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

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

As a result of the annual review, by staff, and the Authority's financial and investment advisors, certain changes to Policy 4.20 are recommended.

It is recommended that changes in language be made to reflect the Code and increase the holding limit for Medium Term Notes from 15% to 20% of the portfolio (California Government Code 53601(k)). Although the Authority has remained in compliance, it has been approaching the existing 15% limit. The change will provide further opportunity for increasing earnings and allow for greater diversification

In order to mitigate credit risk, it is recommended that the limit of market value of the portfolio for non-Governmental Credits for any one issuer change from 10% to 5%. This change impacts: 1) bankers acceptances, 2) commercial paper, 3) negotiable certificates of deposits, 4) time certificates of deposits, and 5) medium term notes. This is considered a best practice and is a standard the Authority currently meets.

To insure diversification, it is recommended that a new limit be added so a single issuer of Supranationals is limited to 10% of the market value of the portfolio. This is considered a best practice, of which the Authority has been in compliance.

For clarification purposes it is recommended that additional language be added, stating that there is no requirement for a competitive bid/offer process for new issues, since all dealers in the selling group issue at the same price.

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

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

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

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

Fiscal Impact:

None.

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:

Not Applicable.

Prepared by:

SCOTT BRICKNER,
VICE PRESIDENT FINANCE AND ASSET MANAGEMENT/TREASURER

Exhibit A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING

PART 4.2 - INVESTMENTS

SECTION 4.20 - POLICY GUIDELINES FOR PRUDENT INVESTMENTS

PURPOSE: To establish a policy governing the investment policies and practices of the San Diego County Regional Airport Authority (the “**Authority**”), including risk management.

POLICY STATEMENT:

It is the policy of the Authority to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Authority. The investment policies and practices of the Authority are based upon prudent money management and conform to all state and local statutes governing the investment of public funds.

This policy also addresses risk management because risk management is an integral part of managing a fixed income portfolio. To focus only on maximizing return is imprudent; therefore, policy issues will be directed to limiting the investment portfolio’s exposure to each issue and issuer of debt and criteria for establishing minimum credit requirements that firms must have in order to effect security transactions with the Authority.

(1) Scope. This investment policy applies to all the Authority’s investment activities, except for the Employees Retirement and Deferred Compensation funds, which are administered separately. In addition, in the event of a conflict between this policy and permitted investments of bond proceeds as defined by a master indenture or supplemental indenture (“**Indenture**”) associated with any Authority debt issuance, the more restrictive parameters of either Cal. Gov. Code or the Indenture will take precedence. The financial assets of all other Authority funds shall also be administered in accordance with the provisions of this policy.

(2) Objectives.

(a) Safety of Principal. Safety of principal is the Authority’s foremost objective. To accomplish this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Each investment transaction shall seek to ensure that capital losses are avoided, whether from issuer default, broker/dealer default or erosion of market value. The Authority shall seek to preserve principal by mitigating credit risk and market risk.

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POLICY SECTION NO. 4.20

(i) Credit risk is the risk of loss due to failure of the issuer to repay an obligation and shall be mitigated by investing in only the highest quality credits and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the Authority's cash flows.

(ii) Market risk is the risk of market value fluctuations due to overall changes in the general level of interest rates and shall be mitigated by:

(A) structuring the portfolio so that securities mature at the same time major cash outflows occur, thereby eliminating the need to sell securities prior to their maturity; and

(B) limiting the average maturity of the Authority's portfolio to three years. Furthermore, no investments will be made in any security with a maturity greater than five years unless the Board has granted its express authority to make such investment specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

It is explicitly recognized, however, that in a diversified portfolio occasional losses may be inevitable and must be considered within the context of overall investment return.

(b) Liquidity. The Authority's investment portfolio will be structured to provide sufficient liquidity to meet the operating requirements of the Authority.

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

(3) Authority to Invest Funds.

(a) Policy principles for investment of Authority funds. Monies entrusted to the Authority will be invested and actively managed pursuant to applicable California statutory limitations and the guidance and limitations set forth in the Authority's written policies. Authority for the management and investment of Authority funds rests with the Authority Board of Directors ("**Board**"). The Board promulgates the policy for investment and management of Authority funds and conducts periodic reviews to ensure compliance with policy and statutory requirements. All persons authorized to make investment decisions for the Authority are trustees of the Authority and owe the Authority a fiduciary duty. All trustees are bound by the prudent investor rule, which requires trustees in making decisions with regards to the Authority's funds to act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

POLICY SECTION NO. 4.20

Trustees of Authority funds are relieved of personal responsibility for an individual security's risk or market price changes where the trustees at all times were acting in accordance with written procedures and this investment policy, exercising due diligence, taking timely and appropriate action to control adverse developments, and provided timely appropriate reports to the Board regarding the adverse developments with an investment.

(b) Delegation of investment authority to Treasurer. The Board delegates the authority to invest and manage the funds of the Authority to the Authority's Treasurer. Such delegation shall be on a fiscal year basis and subject to renewal by the Board, at its option, after appropriate review of the investment record. The Board reserves the right to revoke the delegation of investment authority at its discretion. The Treasurer shall report to the board the status of Authority's investment portfolio in accordance with Sections (10)(a) and (b) of this policy. Whenever a security is sold at a loss, the Treasurer will record the loss as such in the Authority's accounting system. The Treasurer shall designate in writing an officer or employee of the Authority who shall have authority to execute or authorize execution of an investment trade on behalf of the Authority when the Treasurer is not reasonably available and circumstances require timely action.

(c) Treasurer's responsibility for investments. Investment and management of the Authority's funds shall be solely the responsibility of the Authority's Treasurer, who shall take necessary measures to be fully informed on current market conditions and market trends in general and the condition of the Authority's investment portfolio in particular. The Treasurer shall establish and periodically review for currency and adequacy a system of controls to ensure compliance with the applicable statutory requirements and the Authority's investment policies. The system of controls shall also provide for regulation of subordinate officers and employees as well as investment advisors under contract with the Authority.

(d) Execution of trades by authorized investment advisor. Where the Board has approved a contract for a registered independent investment advisor to assist the Treasurer in the discharge of investment responsibilities and where the Treasurer has approved in writing a strategy to guide the investment of Authority funds, the Treasurer may authorize the investment advisor to execute trades on behalf of the Authority to effectuate the approved investment strategy. The Treasurer shall make such delegation via a document that specifies the boundaries of the delegated authorization. The investment advisor designated to execute trades on behalf of the Authority shall be bound by this policy of the Authority and the Treasurer's written approval of the investment strategy. Authorizing the investment advisor to execute trades on behalf of the Authority does not relieve the Treasurer of responsibility for management and oversight of all investment transactions involving Authority funds. The Treasurer or designated Authority officer or employee, as provided in Section 3(b), when the Treasurer is not reasonably available and circumstances require timely action, must approve in writing all investment transactions that exceed a market value of five million dollars (\$5,000,000) prior to execution of the trade. The investment advisor shall not execute any trade through any security broker in whom the investment advisor holds an ownership interest or has a financial interest. The investment advisor shall not take possession of or act as custodian for the cash, securities or other assets. The investment advisor shall provide a written report of all trades made on behalf of the Authority to the Treasurer within twenty-four (24) hours of trade execution.

POLICY SECTION NO. 4.20

(4) Ethics and Conflicts of Interest. The Board, Authority officers or Authority employees involved in the investment process shall refrain from any activity that could conflict with proper execution of the investment program or which could impair the Authority's Treasurer's ability to make impartial investment decisions. Authority staff involved with the investment process shall disclose to the Authority's Treasurer any financial interest in financial institutions that conduct business with the Authority and they shall further disclose any personal financial and/or investment positions that could be related to the performance of the Authority's portfolio. Board members, Authority officials and Authority employees shall subordinate their personal investment transactions to those of the Authority, particularly with regard to the time of purchases and sales.

(5) Placement of Trade Execution Orders.

- (a) Whenever possible, investment transactions shall be made via a competitive process to ensure the Authority's security transactions are made on terms most favorable to the Authority. Trade execution shall be only through firms registered with the Financial Industry Regulatory Authority (FINRA) and approved by the Treasurer. To ensure security transactions are made via the most competitive process, solicitation of bids to transact a security trade shall be provided equally to all security dealers approved by the Treasurer pursuant to the section (5)(b) of this policy. When purchasing new issue securities, no competitive process will be required as all dealers in the selling group offer the securities at the same original issue price. This policy permits the Authority to purchase investments directly from approved issuers who require no competitive process (e.g., Local Agency Investment Fund (LAIF), the San Diego County Investment Pool (SDCIP), and Local Government Investment Pools (LGIPs)).
- (b) Other than investments with depository institutions and approved pools, the Treasurer shall only execute trades with security dealers that have been approved to execute security trades on behalf of the Authority. Prior to approving a security dealer to execute security trades, the Treasurer shall determine that the dealer is fully qualified to execute security trades for the Authority. In evaluating whether a specific dealer is so qualified, the Treasurer shall evaluate, at a minimum, the dealer's security registration, financial condition, standing in the investment community, and experience with security trades of the nature to be executed on behalf of the Authority. To be qualified, all financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following information on an annual basis: (1) audited financial statements; (2) proof of Financial Industry Regulatory Authority (FINRA) certification; (3) a trading resolution; (4) proof of California registration; and (5) a completed broker/dealer questionnaire.
- (c) Where the Board has approved a contract for a registered independent investment advisor to assist the Treasurer in the discharge of the investment responsibilities, the Treasurer may rely on the advisor's assurances that specific security dealers are fully qualified to execute trades on behalf of the Authority. The investment advisor shall provide such assurances in writing and shall renew the assurances based on an annual review of the financial condition and registrations of qualified bidders.

POLICY SECTION NO. 4.20

(6) Authorized Investments.

The Authority is authorized by the applicable sections of Cal. Gov. Code §16429.1, §53600 *et seq.* and §53630 *et seq.* to invest in the following types of securities, further limited herein:

(a) United States Treasury Bills, Bonds and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio that can be invested in this category. Cal. Gov. Code §53601(b)

(b) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio that can be invested in this category. Cal. Gov. Code §53601(f)

(c) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the portfolio. No more than 10% of the portfolio may be invested in a single Supranational issuer. Cal. Gov. Code §53601(q)

(d) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances which are eligible for purchase by the Federal Reserve System and are rated in the highest category by a nationally recognized statistical rating organization (NRSRO), may not exceed 180 days to maturity or 40% of the market value of the portfolio. No more than ~~54~~9% of the market value of the portfolio may be invested in banker's acceptances issued by any one bank. Cal. Gov. Code §53601(g)

(e) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a NRSRO.

(2) The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Eligible commercial paper shall have a maturity of 270 days or less. No more than 25% of the market value of the portfolio may be invested in commercial paper. No more

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than ~~5+0~~% of the market value of the portfolio may be invested in the commercial paper of any single issuer. The amount invested in commercial paper of any one issuer in combination with any other securities from that issuer shall not exceed ~~5+0~~% of the market value of the portfolio. Cal. Gov. Code §53601(h)

(f) Negotiable Certificates of Deposit (NCDs) issued by a nationally or state-chartered bank, a state or federal savings institution or by a federally licensed or state licensed branch of a foreign bank. The amount invested in Negotiable Certificates of Deposit (NCDs) may not exceed 30% of the market value of the portfolio. NCDs eligible for purchase shall be rated in a rating category of “A” or its equivalent or better by a NRSRO. The maximum term for NCDs shall be five years. The amount invested in NCDs of any one issuer in combination with any other securities from that issuer shall not exceed ~~5+0~~% of the market value of the portfolio. Cal. Gov. Code §53601(i)

(g) Placement Service Deposits (PSDs). Deposits placed through a deposit placement service that meet the requirements of Cal. Gov. Code §53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance. The maximum term for PSDs shall be three years. The amount invested in Placement Service Deposits (PSDs) may not exceed 30% of the market value of the portfolio. Cal. Gov. Code §53601.8 and 53635.8

(h) Bank Deposits, including, but not limited to, demand deposit accounts, savings accounts, market rate accounts and time certificates of deposits (“TCDs”) in financial institutions located in California. The Authority will invest in financial institutions with a net worth of ten million dollars and total assets in excess of \$50 million. Such deposits in each bank shall be limited to no more than 5% of the total assets of the bank. To be eligible to receive Authority deposits, the financial institution must have received a minimum overall satisfactory rating, under the Community Reinvestment Act, for meeting the credit needs of California Communities in its most recent evaluation. Bank deposits are required to be collateralized as specified under Cal. Gov. Code §53630 *et seq.* The Treasurer may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The Authority shall have a signed agreement with any depository accepting Authority funds per Cal. Gov. Code §53649. The maximum maturity of TCDs is three years. A maximum of 20% of the market value of the portfolio may be invested in TCDs. The amount invested in TCDs of any one issuer in excess of the FDIC limit in combination with any other securities from that issuer shall not exceed ~~5+0~~% of the market value of the portfolio. Cal. Gov. Code §53630 *et seq.*

(i) Medium Term Notes (MTNs), defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States rated in a rating category of “A” or its equivalent or better by a NRSRO and be issued by a corporation organized and operating within the United States. The aggregate total of MTNs may not exceed ~~3020+5~~% of the market value of the investment portfolio. The amount invested in MTNs of any one issuer in combination with any other securities from that issuer shall not exceed ~~5+0~~% of the market value of the portfolio. Cal. Gov. Code §53601(k)

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(j) Repurchase agreements (RPAs) shall only be made with financial institutions having a credit rating in the rating category "A" or its equivalent or better by a NRSRO. The Security Industry and Financial Markets Association (SIFMA) master repurchase agreement shall be the Authority's master repurchase agreement.

The term of the agreement may not exceed one year.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in 6(a) and 6(b) above, will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Authority's custodian bank versus payment or be handled under a tri-party repurchase agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value plus accrued interest, 102% of the total dollar value of the money invested by the Authority for the term of the investment. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a regular basis.

Market value must be calculated each time there is a substitution of collateral.

The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement. Cal. Gov. Code §53601

(k) The Local Agency Investment Fund ("LAIF"), established by the State Treasurer for the benefit of local agencies and identified under Cal. Gov. Code §16429.1 *et seq.* The market value of the Authority's investment in LAIF may not exceed the current deposit limit for regular LAIF accounts.

(l) The San Diego County Investment Pool ("SDCIP") as authorized by Cal. Gov. Code §53684. The market value of the Authority's investment in SDCIP may not exceed the current deposit limit for regular LAIF accounts.

(m) Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or ("LGIPs")) organized pursuant to Cal. Gov. Code §6509.7 that meet the requirements of the Investment Trust of California (CalTRUST), as authorized by California Government Code §53601(p). The market value of the Authority's investment in each of the CalTRUST funds may not exceed the current deposit limit for regular LAIF accounts.

(n) Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or ("LGIPs")) organized pursuant to Cal. Gov. Code §6509.7 that meet the requirements of Cal. Gov. Code §53601(p). The market value of the Authority's investment in any LGIP may not exceed the LAIF statutory limit. Prior to investing, the Treasurer will complete a thorough investigation of the potential investment. Whenever the Authority has any funds so invested, the Treasurer shall maintain on-going monitoring including the following:

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- (i) Establish the investment is a legal investment under Cal. Gov. Code.
- (ii) A description of eligible investment securities, and a written statement of investment policy and objectives. All investments must comply with the eligible investments outlined in this policy. In the event that any investments do not comply with the eligible investments outlined in this Policy, the Treasurer will assess the potential risk of a substantial investment loss related to the investment(s) not in compliance.
- (iii) The issuer must have a current AAAm rating, provide a constant dollar pool with a stated objective of maintaining a \$1 net asset value, meet an asset size of \$1 billion at the time of investment, and provide for third-party custody of portfolio assets.
- (iv) A description of interest calculations and how it is distributed, and how gains and losses are treated.
- (v) A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- (vi) A description of who may invest in the program, the type and number of governmental participants, investor concentrations, what size deposit and withdrawal are allowed, and what time restrictions are placed on these deposits and withdrawals.
- (vii) A schedule for receiving statements and portfolio listings.
- (viii) Determination of how reserves, retained earnings, etc. are utilized by the fund.
- (ix) A fee schedule, and when and how it is assessed. Cal. Gov. Code §53601(p).

(o) The Authority may place funds in shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. §80a-1 *et seq.*). Investment in money market funds may not exceed 20% of the market value of the portfolio with no more than 10% of the market value of the portfolio in any single fund. Additionally, each selected fund shall be large enough that the Authority's investment does not constitute more than 5% of the total fund balance. To be eligible for investment, these companies shall either:

- (i) Attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, or
- (ii) Retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than 5 years' experience managing money market mutual funds with assets under management in excess of \$500,000,000. Cal. Gov. Code §53601(l)

(p) The Authority may invest in: (i) Registered state warrants or treasury notes or bonds of this state including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of this state; (ii) Registered treasury notes or bonds issued by any of the other 49 States in

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addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state; and (iii) Bonds, notes, warrants or other evidence of debt issued by a local agency or municipality located within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Securities eligible for investment under this paragraph shall be rated in a rating category of "A" or its equivalent or better by a NRSRO. Purchase of securities authorized by this subdivision may not exceed 20% of the Authority's portfolio. The amount invested with any one issuer shall not exceed 5% of the portfolio. Cal. Gov. Code §53601 (c), (d), (e).

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(q) Permitted Investment for Bond Proceeds. All investment types listed above are authorized investments for bond proceeds. The percentage or dollar limitations listed above do not apply to bond proceeds investments. In addition to the above investments, bond proceeds may be invested in the following:

Investment agreement or guaranteed investment contract (a) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term rating category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is three years or longer) by one or more of the Rating Agencies, or (b) which investment agreement or guaranteed investment contract is fully secured by obligations described in items (a) or (b) of this section which are the following:

- (i) Valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, and
- (ii) Held by any Federal Reserve Bank or a depository acceptable to the Treasurer or any Authority bond trustee, and
- (iii) Subject to a perfected first lien on behalf of the Authority or any bond trustee and free and clear from all third-party liens

The Board has expressly granted the Treasurer the authority to invest debt service reserve funds in U.S. Treasury, federal agency, municipal securities and investment agreements (which meet the requirements of this Investment Policy and the Indenture) with maturities exceeding 5 years if it is considered to be in the best interest of the Authority and if the maturity of such investments does not exceed the expected use of the funds. Reserve fund investments beyond 5 years are specifically excluded from the mathematical calculation of the average maturity of the Authority's portfolio.

(7) Prohibited Investments. Investments not described herein, including but not limited to, inverse floating rate notes, range notes, interest-only strips that are derived from a pool of mortgages, and common stocks are prohibited from use in this portfolio. The Authority shall not invest any funds in any security that could result in zero interest accrual and zero discount accretion if held to maturity. Cal. Gov. Code §53601.6

(8) Safekeeping of Securities. To protect against potential losses by the collapse of

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individual securities dealers, all securities owned by the Authority shall be held in safekeeping.

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by a third person bank trust department acting as agent for the Authority under the terms of a custody agreement executed by the bank and the Authority. All securities will be received and delivered using standard delivery versus payment procedures. The only exception to the foregoing shall be: (i) LAIF; (ii) the SDCIP; (iii) LGIPs; (iv) money market mutual funds, and (v) Deposits (TCDs & PSDs), since the purchased securities are not deliverable. A record of these investments shall be held by the Treasurer.

All investment officers shall be bonded and all investment accounts subject to surprise audits performed no less than on a quarterly basis.

(9) Portfolio Limitations. Percentage limits and credit criteria are applied at the time of purchase. If a percentage-of-portfolio limitation is exceeded due to reduction in portfolio size, the affected securities may be held to maturity to avoid losses. When no loss is indicated, the Authority's Treasurer shall consider restructuring the portfolio basing the decision in part on the expected length of time the portfolio will be imbalanced. The Treasurer shall report all such imbalances in the monthly report to the Board. In the event that an investment originally purchased within policy guidelines is downgraded below the policy requirements by any one of the NRSROs, the course of action to be followed by the Treasurer will then be decided on a case-by-case basis, considering such factors as the reason for the downgrade, prognosis for recovery or further rating downgrades, and the market price of the security.

(10) Reporting Requirements.

(a) In accordance with Cal. Gov. Code §53646, on a quarterly basis, the Authority's Treasurer shall prepare in accordance with GAAP and GASB 31 a report detailing investments and investment activity and transmit same to the Executive Officer, the Internal Auditor and the Board.

(i) The report shall be submitted within 30 days of the end of the quarter covered by the report.

(ii) The report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and monies held by the Authority.

(iii) The report shall include a description of any funds, investments, or programs that are under the management of contracted persons.

(iv) The report shall also include a current market value on a market-to-market basis as of the report date using an established identified independent source for the valuation.

(v) The report shall state compliance of the portfolio to the statement of investment policy or the manner in which it is not in compliance.

(vi) The report shall state the Authority's ability to meet its budgeted expenditure requirements for the next six months or to explain why sufficient money may not be available.

(b) In accordance with Cal. Gov. Code §53607, the Authority's Treasurer shall make a monthly report of investment transactions to the Board.

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(11) Internal Control. The development of internal controls is a function of management. The Authority's Treasurer shall establish and document a system of internal controls that will provide reasonable assurance regarding the achievement of objectives in the following categories:

- Safeguarding assets
- Ensuring validity of financial records and reports
- Promoting adherence to policies, procedures, regulations and laws
- Promoting effectiveness and efficiency of operations

In addition, the Authority's Treasurer shall:

- (a) Establish an annual process of an independent review by an external examiner.
- (b) Develop performance standards. Those performance standards will be reviewed by the Treasurer and presented as an information item to the President/CEO and the Board. On a quarterly basis, as part of the reporting requirements the Authority's Treasurer shall report actual compared to the performance standard and any substantial deviations shall be explained.
- (c) Review the Authority's investment policy annually at a public meeting and obtain Board approval and adoption of the policy to ensure its consistency with the Authority's objectives of preservation of principal, liquidity, rate of return and the policy's relevance to current law and financial and economic trends. The Authority's Treasurer is responsible for maintaining guidance over the Authority's investment policy and ensuring that the Authority can adapt readily to changing market conditions and shall submit to the Board any modification to the investment policy prior to implementation.

(12) Glossary of Terms.

Asked: The price at which securities are offered (that is, the price at which a firm will sell a security to an investor)

Bankers' Acceptance (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Bid: The price offered for securities (that is, the price at which a broker or dealer will pay to purchase a security an investor owns).

Broker: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not take a position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

Certificate of Deposit (CD): See: Time Certificate of Deposits, Negotiable Certificates

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of Deposits.

Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commercial Paper (CP) - An unsecured short-term promissory note issued by corporations and local governments, with maturities ranging from 1 to 270 days. Commercial paper is usually issued at a discount from par with a zero coupon. Highly-rated, or "Prime" commercial paper carries a Standard & Poor's rating of A1 or A1+, a Moody's rating of P1, and/or a Fitch rating of F1 or F1+.

Constant Maturity Treasury (CMT) – A calculated average released by the Federal Reserve of all Treasury yields along a specific maturity point. This calculation is frequently used as a benchmark for conservative government portfolios.

Coupon: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; (b) A certificate attached to a bond evidencing interest due on a payment date.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his or her own account.

Debenture: A bond secured only by the general credit of the issuer.

Delivery versus Payment: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free delivery). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Discount: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be selling at a discount.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Federal Farm Credit Bank (FFCB): The Federal Farm Credit Bank System is the oldest of the government sponsored enterprises, created by an act of Congress in 1916. Its mission is to provide a reliable and low cost source of funds to support agriculture in the United States. Unlike commercial banks, System banks do not take deposits. Instead, funds for loans are obtained through the issuance of debt securities. FFCB long-term senior debt ratings have traditionally mirrored those of the U.S. government.

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Federal Home Loan Banks: Federal Home Loan Banks provide a source of low cost loan funding to U.S. banks. Within their collective membership, the FHLBank System represents the largest source of home mortgages in the United States. The System does not provide loans directly to individuals, only to other correspondent banks. System banks do not take deposits. Instead, funds for loans are obtained through the issuance of debt securities. FHLB long-term senior debt ratings have traditionally mirrored those of the U.S. government.

Federal Home Loan Mortgage Company (FHLMC or “Freddie Mac”): The Federal Home Loan Mortgage Corporation (FHLMC), commonly referred to as “Freddie Mac”, was created in 1970 to assist its sister company, Fannie Mae, by purchasing mortgage loans in the secondary market, pooling them together, and selling them to investors in the form of mortgage-backed securities. By providing a secondary market for home loans, Freddie Mac increases the amount of money available for mortgage lending. In September 2008, Freddie was placed under Federal government conservatorship as a result of a decline in the underlying market value of the mortgage loans it held and guaranteed. Like Fannie Mae, Freddie Mac issues debt in maturity ranges from one-day to 30 years, and its long-term senior debt rating has traditionally mirrored U.S. Treasury debt due to its reliance on the U.S. government.

Federal National Mortgage Association (FNMA or “Fannie Mae”): The Federal National Mortgage Association (FNMA), commonly referred to as “Fannie Mae”, was created in 1938 during the Great Depression to provide a secondary market for mortgage loans by purchasing groups of loans from lenders and packaging them into pools of mortgage-backed securities that can then be sold to investors. To facilitate this process, Fannie Mae also issues debt in maturity ranges from one-day to 30 years. The company’s long-term senior debt rating has traditionally mirrored U.S. Treasury debt due to its reliance on the U.S. government. Although Fannie Mae had operated as a private company since 1968, it was placed under Federal government conservatorship in September 2008 as a result of a decline in the underlying market value of the mortgage loans it held and guaranteed.

Government National Mortgage Association (GNMA or “Ginnie Mae”): Long-term mortgage-backed securities backed by FHA and VA loans guaranteed by the full faith and credit of the U.S. Treasury. The term “pass-through” is often used to describe Ginnie Mae securities as principal and interest payments from the underlying homeowners are passed along to investors.

Federal Open Market Committee (FOMC): A group of Federal Reserve Officials that meet eight times per year to set U.S. monetary policy (raises and lowers interest rates). The Committee must balance its two primary and often conflicting objectives of achieving stable economic growth and keeping inflation at acceptable levels.

Fed or Federal Reserve Bank: The Central Bank of the U.S. responsible for supervising and regulating member banks, providing banking services, providing information, and setting monetary policy through the FOMC.

International Bank for Reconstruction and Development (IBRD or World Bank): The International Bank for Reconstruction and Development was created in 1944 to help

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Europe rebuild after World War II. Today, its purpose is to assist with reconstruction and poverty reduction through an inclusive and sustainable globalization. The IBRD is owned and governed by its member governments. The United States is the IBRD's leading shareholder.

International Finance Corporation (IFC): The IFC is a member of the World Bank Group. Its focus is on assisting with private sector development in developing countries. The IFC is owned and governed by its member governments. The United States is the IFC's leading shareholder.

Inter-American Development Bank (IADB): The IADB was established in 1959 to provide financing and expertise for sustainable economic, social, and institutional development in Latin America and the Caribbean. The IADB is owned and governed by its member governments. The United States is the IADB's leading shareholder.

Inverse Floating Rate Note: A debt security with an interest rate stated as a fixed rate minus a variable rate index. This calculation causes the rate on the inverse floater to move in the opposite direction of general interest rates. This instrument generally performs well in a declining interest rate environment but will lose value if rates rise.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between the bid and asked prices is narrow and reasonable size can be done at those quotes.

Local Government Investment Pools (LGIPs): Shares of beneficial interest issued by a joint powers authority organized pursuant to Cal. Gov. Code §6509.7. LGIPs offer a diversification alternative to LAIF and SDCIP for short-term cash management facilities.

Market Value: The price at which a security is trading and could presumably be sold.

Master Repurchase Agreement: A written contract covering all future transactions between counterparties to repurchase agreements and reverse repurchase agreements that establish each entity's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Medium Term Notes: A class of debenture that is defined as all corporate and depository debt securities with a maximum remaining maturity of five years or less.

Money Market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

Nationally Recognized Statistical Rating Organization (NRSRO): A credit rating agency (CRA) that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes.

Negotiable Certificate of Deposit (NCD): A type of CD that is at least \$100,000 and

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can also be traded on a highly liquid secondary market.

Placement Service Deposit (PSD): A type of deposit that uses a deposit placement service. The placement service will allow the bank with which the investment is placed to split the initial deposit into multiple pieces that are then distributed among a network of banks, such that the full amount of the deposit is protected by the FDIC insurance of each participating bank.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities, broker/dealers, banks and a few unregulated firms.

Prudent Investor Standard: A legal doctrine that requires fiduciaries to make investments using the prudence, diligence, and intelligence that would be used by a prudent person in making similar investments.

Rate of Return: A standard performance measurement that considers the coupon interest a security or portfolio of securities receives, along with any realized gain or loss, along with any change in unrealized market gain or loss. Depending on market volatility, the rate of return could differ significantly from the average yield of a portfolio.

Rating Agency: Nationally recognized credit rating agency such as Fitch, Moody's or S&P.

Rating Category: A credit rating assignment by a Rating Agency shall mean (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

Repurchase Agreement (RP or Repo): A type of financial agreement in which an investor exchanges cash for securities with a primary dealer or bank and earns a fixed rate of interest for a specified period. At the end of the period, securities are returned in exchange for the principal amount, along with accrued interest. Dealers and banks use repo proceeds to finance their inventory positions.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Sec Rule 15C3-1: See Uniform Net Capital Rule.

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Securities and Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Strip (Bonds): Brokerage-house practice of separating a bond into its principal and interest, which are then sold as zero coupon bonds.

Time Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs are typically negotiable.

Treasurer: The Vice President of Finance/Treasurer of the Authority or the authorized designee or representative as designated by the President/Chief Executive Officer.

Treasury Bill: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

Treasury Bond: Long-term U.S. Treasury security having initial maturities of more than ten years.

Treasury Note: U.S. Treasury security having initial maturities between two and 10 years.

Uniform Net Capital Rule: Securities and Exchange Commission requirement that member firms as well as nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

Yield: The rate of annual income return on an investment, expressed as a percentage. (A) **Income Yield** is obtained by dividing the current dollar income by the current market price for the security. (B) **Net Yield or Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

[Amended by Resolution No. 2017-0049 dated June 1, 2017]
[Amended by Resolution No. 2016-0040 dated May 19, 2016]
[Amended by Resolution No. 2015-0043 dated May 21, 2015]
[Amended by Resolution No. 2014-0051 dated June 5, 2014]
[Amended by Resolution No. 2013-0049 dated June 6, 2013]
[Amended by Resolution No. 2012-0059 dated June 7, 2012]
[Amended by Resolution No. 2011-0064 dated June 2, 2011]
[Amended by Resolution No. 2010-0059 dated June 3, 2010]
[Amended by Resolution No. 2009-0123 dated October 1, 2009]
[Amended by Resolution No. 2008-0118 dated September 4, 2008]
[Amended by Resolution No. 2006-0010 dated February 6, 2006]
[Amended by Resolution No. 2005-0102 dated September 8, 2005]

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[Amended by Resolution No. 2004-0133 dated December 6, 2004]
[Amended by Resolution No. 2004-0100 dated October 4, 2004]
[Amended by Resolution No. 2004-0032 dated April 5, 2004]
[Adopted Resolution No. 2002-02 dated September 20, 2002]

ANNUAL REVIEW AND APPROVAL OF AMENDMENTS

TO AUTHORITY POLICY 4.20

Review of Investment Policy, Guidelines for Prudent
Investments, and Delegation of Authority to Invest and Manage
Authority Funds to the Vice President, Finance and Asset
Management/Treasurer



SAN DIEGO
INTERNATIONAL AIRPORT

LET'S **GO.**

Presented by:

Geoff Bryant,

Manager, Airport Finance

Investment Policy - Overview

- Serves as the foundation of investment goals and objectives
- Mandates investing in a manner that provides the highest security while meeting Authority cash flow needs
- Demonstrates our fiduciary responsibility, thereby promoting trust and confidence from the public we serve
- Adheres to or exceeds the requirements of California Government Code Section 53600 et seq.

Investment Policy - Overview

- Adheres to state law requirements that return on investment be subordinate to safety and liquidity objectives
- Developed and annually reviewed in conjunction with our financial and investment advisors
- Annual Board review is not required by State Code, but is an Authority practice

Investment Policy Amendments

Placement of Trade Executive Orders

Section (5)(a): Adds language clarifying that new issue securities are not subject to competitive bid/offer process

“To ensure security transactions are made via the most competitive process, solicitation of bids to transact a security trade shall be provided equally to all security dealers approved by the Treasurer pursuant to the section (5)(b) of this policy. When purchasing new issue securities, no competitive process will be required, as all dealers in the selling group offer the securities at the same original issue price.”

Investment Policy Amendments

Authorized Investments

Section (6)(c): Adds a 10% per issuer limit for supranational securities to insure diversification and follow best practices

“Investments under this subdivision shall be rated in a category of “AA” or its equivalent or better by an NRSRO and shall not exceed 30 percent of the portfolio. No more than 10% of the portfolio may be invested in a single Supranational issuer.”

Investment Policy Amendments

Authorized Investments

Section (6)(d), (e), (f), (h), and (i): Limits purchases of Non Governmental credits (bankers acceptances, CP, NCDs, TCDs, and MTNs) to 5% of portfolio to mitigate credit risk ,follow best practices and match current portfolio standards:

“The amount invested in commercial paper of any one issuer in combination with any other securities from that issuer shall not exceed 5% ~~10%~~ of the market value of the portfolio.”

“The amount invested in TCDs of any one issuer in excess of the FDIC limit in combination with any other securities from that issuer shall not exceed 5% ~~10%~~ of the market value of the portfolio.”

Investment Policy Amendments

Authorized Investments

Section (6)(i): Increase the limit of Medium Term Notes (MTNs) to be consistent with CGC Section 53601(k), which would allow the Authority to exceed 15% in MTNs and increase earnings and provide greater diversification

“The aggregate total of MTNs may not exceed 20~~15~~% of the market value of the investment portfolio.”

Delegation of Investment Authority

- The board delegates the authority to invest and manage funds to the Vice President of Finance and Asset Management/Treasurer
- This delegation is on a fiscal year basis and subject to renewal by the Board

Action Requested

- Forward Resolution approving amendments to Authority Policy 4.20 - Guidelines for Prudent Investments to Board for approval,
and
- Forward Delegation of authority to invest and manage Authority funds to the Vice President of Finance and Asset Management / Treasurer to Board for approval

Debt Policy - Overview

- Governs existing and anticipated debt obligations
- Sets forth certain financial management practices in capital budgeting that supports the Authority's ability to manage its projected debt issuance
- Policy is updated from time to time to reflect changes in the law and the market
- Staff have determined that there are no legislative or market updates required to Debt Policy in FY 18

Debt Policy - Overview

- Staff currently negotiating a Airline Operating and Lease Agreement (AOLA) with the Airlines which is an integral part of the ADP Plan of Finance
- It is anticipated that the cost of the ADP and the financial provisions of the AOLA will require modifications to the Debt Policy targets
- If these modifications are necessary prior to next year's annual policy review staff will return at that time with updates.

Questions?



EXECUTIVE COMMITTEE

Meeting Date: **MAY 24, 2018**

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 2017-2018 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

KIM BECKER

**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: Kimberly J. Becker Dept: 6
 Position: Board Member President/CEO Gen. Counsel Chief Auditor
 All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 04/19/18 **PLANNED DATE OF DEPARTURE/RETURN:** 06/11/18 / 06/16/18

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip– continue on extra sheets of paper as necessary):

Destination: Zurich and Frankurt Purpose: San Diego Tourism Authority – Germany/Swiss Confederation
 Explanation: _____

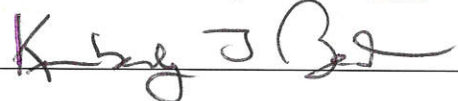
4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:

• AIRFARE	\$ 3,900.00
• *RENTAL CAR (Must complete page 2)	\$ 0.00
• OTHER TRANSPORTATION (Taxi, Train)	\$ 300.00
B. LODGING	\$ 1,400.00
C. MEALS	\$ 375.00
D. SEMINAR AND CONFERENCE FEES	\$ 0.00
E. ENTERTAINMENT (If applicable)	\$ 0.00
F. OTHER INCIDENTAL EXPENSES	\$ 0.00
TOTAL PROJECTED TRAVEL EXPENSE	\$ 5,975.00

*Permitted in limited circumstances; must be pre-approved. Provide a copy of Out-of-Town Travel Request form to Risk Management prior to travel in order to obtain insurance identification card covering rental period.

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: 4/23/18

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: 5/15/18

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.)

BUSINESS EXPENSE

KIM BECKER

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
BUSINESS EXPENSE REIMBURSEMENT REPORT

April 2018

 Period Covered

DATE	G/L Account	Description	AMOUNT
4/4/18	6.66290	Parking for Downtown San Diego Partnership Meeting	\$18.00
4/15/18	6.66240.100	Executive Women in Aviation Dinner	\$ 42.03
4/17/18	6.66240.100	Lunch with John Clark of SSP America	\$ 73.14
4/17/18	6.66240.100	Dinner for K. Becker - AAE Conference	\$ 47.73
TOTAL			\$180.90

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**

Kimberly J Becker

NAME Kimberly J. Becker

4/24/18

DATE

APPROVED:

NAME

DATE

Business Expense
April 2018

04/04/18 Downtown San Diego
Partnership meeting



639188



DOWNTOWN S.D PARTNERSHIP
MTG 4/4/18

SOUTHLAND PRINTING - SHREVEPORT, LA.

PRINTED IN U S A

S86811

333 04/04 11:46 04/04 13:33 \$18.00 7826

Business Expense
April 2018

Casey Diane

Subject: Invitation: Experience SD Steering Committee Meeting (resched. from 4... @ Wed Apr 4, 2018 12pm - 1:30pm (PDT) (kbecker@san.org)
Location: Downtown SD Partnership, 401 B St # 100, San Diego, CA 92101
Start: Wed 4/4/2018 12:00 PM
End: Wed 4/4/2018 1:30 PM
Recurrence: (none)
Meeting Status: Accepted
Organizer: Andy Pendoley
Categories: Blue Category

[more details »](#)

Experience SD Steering Committee Meeting (resched. from 4/11/18)

When

Wed Apr 4, 2018 12pm – 1:30pm Pacific Time

Where

Downtown SD Partnership, 401 B St # 100, San Diego, CA 92101 ([map](#))

Calendar

kbecker@san.org

Who

-
- Andy Pendoley
- organizer
-
- elvin@abnormalcompany.com
-
- Omar Passons
-
- Phil Blair
-
- Rita Vandergaw
-
- Patti Roscoe
-
- cd@sandiegobusiness.org
-
- scott.hermes@westin.com
-
- nmercercer@sdhmma.com
-

Business Expense
April 2018

Joyce Gattas

•
bheule@portofsandiego.org

•
jbradford@sdchamber.org

•
kbecker@san.org

•
jlawrence@sandiego.gov

•
rip.rippetoe@visitsandiego.com

•
jterzi@sandiego.org

•
Colette Morel

•
ksoto@sandiego.org

•
bhughes@sdtmd.org

•
mkurtasun@downtownsandiego.org

•
nc@sandiegobusiness.org

Steering Committee Members,

We look forward to seeing you on April 4 (rescheduled from April 11) to discuss a range of topics and hear your feedback and suggestions.

Shortly I will send an email with the agenda and report from the last meeting.

Thanks,
Andy Pendoley
MIG|MJE

Going?

Yes -

Maybe -

No more options »

Invitation from [Google Calendar](#)

You are receiving this courtesy email at the account kbecker@san.org because you are an attendee of this event.

To stop receiving future updates for this event, decline this event. Alternatively you can sign up for a Google account at <https://www.google.com/calendar/> and control your notification settings for your entire calendar.

Forwarding this invitation could allow any recipient to modify your RSVP response. [Learn More](#).

Business Expense
April 2018

04/15/18 - Executive Women
in Aviation DINNER



789 W Harbor Dr
San Diego, CA 92101

Check # :35839-4541

Table 119

Stephanie P
20:24:55 04/15/2018

Gst 1

Guest No.12

1 Iced Tea 3.00
1 Hello Spring 29.90

**Duplicate Receipt
Stored Order**

Subtotal 32.90
Sales Tax 2.55

*Guest Selected 20% Gratuity 6.58
Please pay this amount
Total 42.03

Join SEASONS 52 REWARDS today and receive
100 bonus points!
Visit Seasons52.com/rewards for more
information and to join today!

*Please feel free to adjust the gratuity
amount.

Dine In

20:24:55 04/15/2018

Join us for Happy Hour Monday through
Friday. Enjoy \$5 small plates and more.
Seasons52.com/Happy-Hour

Visit us at www.Seasons52.com



789 W Harbor Dr
San Diego, CA 92101

Check # :35839-4541

Table 119:119-121-120

Stephanie P
08:39 PM 04/15/2018
Transaction #:2061143162

Gst 1

AID: A0000000031010
TC: 844C5EA7E80B83B4
App Name/Label: Visa Credit
Card Verification: Signature
Tran DataSource: Chip

Card Number Auth Code
xxxxxxxxxxxx4471 03918D
Visa

Check Amount 35.45

*Guest Selected 20% Gratuity 6.58

SubTotal 42.03

*Gratuity Change+/- _____

Final Total _____

X _____
Cardmember agrees to pay total in
accordance with agreement governing
use of such card.

*Please feel free to adjust the gratuity
amount.

Business Expense
April 2018

Ayers Kim

Subject: EWIA Dinner
Location: Season's 52, 789 W Harbor Dr, Suite #134, San Diego, CA 92101
Start: Sun 4/15/2018 6:30 PM
End: Sun 4/15/2018 8:30 PM
Recurrence: (none)
Meeting Status: Meeting organizer
Organizer: Becker Kimberly
Required Attendees: Rebecca Hupp; Bonnie Allin; Kelly Johnson; rochelle.cameron@phl.org; Erin O'Donnell; Elaine Roberts; Shafer-Payne Angela; Krys Bart; Marily Mora; Susan Warner Dooly; Deborah Ale Flint; Danette Bewley; Kelly Campbell; Sylvia Ambrogio; Rosemarie Andolino
Optional Attendees: Kelly Campbell; Erin O'Donnell; Bridget Pitcock (bridget.pitcock@flyxna.com); Bonnie Allin
Categories: Blue Category

Confirmed Attendees:

Kim Becker
Angela Shafer-Payne
Bonnie Allin
Sylvia Ambrogio
Danette Bewley
Marily Mora
Kelly Campbell
Krys Bart
Erin O'Donnell
Rochelle Cameron
Rosemarie Andolino
Elaine Roberts (2)

Tentative/No Response:

Deborah Ale Flint
Kelly Johnson

Business Expense
April 2018

Casey Diane

Subject: Lunch w/John Clark SSP
Location: Sally's Fish House & Bar, One Market Place, San Diego, CA 92101
Start: Tue 4/17/2018 12:00 PM
End: Tue 4/17/2018 1:00 PM
Recurrence: (none)
Meeting Status: Meeting organizer
Organizer: Becker Kimberly
Required Attendees: john.clark@foodtravelexperts.com
Categories: Green Category

Business Expense
April 2018

04/17/18 - DINNER

Hilton San Diego Bayfront
In Room Dining
San Diego, CA 92101

50025 EVA

2435/1 4435 GST

1

APR17'18 6:07PM

1 HEIRLOOM SALAD 12.00
1 PIZZA 19.50
1 Admin Fees 6.50

Subtotal 38.00
IRD 20% GRATUITY 6.30
Tax 3.43
Payment Due **\$47.73**

Addnl Tip: _____

Total : _____

Room: _____

Print Name: _____

Signature: _____

"Administrative Fees are not
Gratuities, please see your In
Room Dining menu for details"

Hilton San Diego Bayfront
1 Park Boulevard
San Diego, CA 92101
(619) 564 3333 Telephone
(619) 563 3344 Facsimile
www.hilton.com

CHECK: **4435**
TABLE: **2435/1**
SERVER: 50025 EVA
DATE: APR17'18 6:08PM
CARD TYPE: MasterCard
ACCT #: XXXXXXXXXXXXX7826 *
EXP DATE: XX/XX
AUTH CODE: 616941

IRD 20% GRATUITY **6.30**

SUBTOTAL: **47.73**

Addnl Tip: _____

Total: _____

X _____
Customer Signature

I Agree to pay above total
amount according to card holder
agreement



Business Expense
April 2018

AAAE DELIVERS SERVICE. INNOVATION. RESULTS.

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SCOTT A. BROCKMAN, A.A.E.

FIRST VICE CHAIR
JEANNE M. OLIVIER, A.A.E., ACE

SECOND VICE CHAIR
TODD L. MCNAMEE, A.A.E.

SECRETARY/TREASURER
TORRANCE A. RICHARDSON, A.A.E.

FIRST PAST CHAIR
CARL D. NEWMAN, A.A.E.

SECOND PAST CHAIR
JEFFREY A. MULDER, A.A.E.

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ALVESTER T. COLEMAN, A.A.E.
RICHARD CRIDER, A.A.E.
ANN B. CROOK, A.A.E.
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MARIA S. SHERIDAN, A.A.E.
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ROBERT R. WIGINGTON

PRESIDENT & CEO
TODD J. HAUPTLI

Date: April 6, 2018

To: Kim Becker, C.M.

From: Jacky Sher Raker, Executive Vice President, Meetings, Membership, Marketing, Administration and Foundation

The 90th Annual AAAE Conference and Exposition will take place April 15-18, 2018 in San Diego, CA. The conference is being hosted by the San Diego International Airport and President/CEO Kim Becker, C.M. To assist you in planning your travel, we would like to provide the following schedule:

Saturday, April 14

12 – 12:45 p.m.

East Terrace – Upper Level
San Diego Convention Center

AAAE Board of Directors and Policy Review Committee Luncheon

12:45 – 4:30 p.m.

Room 33 – Upper Level
San Diego Convention Center

AAAE Board of Directors and Policy Review Committee Meeting

6:15 - 9 p.m.

90th Annual AAAE Leadership Dinner

Hosted by San Diego International Airport
Please meet AAAE staff in the lobby of the Hilton San Diego Bayfront at 6 p.m. to ride to Coasterra

Sunday, April 15

12 – 12:45 p.m.

East Terrace – Upper Level
San Diego Convention Center

Top 100 Airport CEO Leadership Focus Lunch

12:45 – 4 p.m.

Room 33 – Upper Level
San Diego Convention Center

Top 100 Airport CEO Leadership Focus Session

4 – 5 p.m.

Room 30DE – Upper Level
San Diego Convention Center

Top 100 Airport CEO Reception

Hosted by MAG USA and Escape Lounges

5 – 6:30 p.m.

Exhibit Hall G/H – Ground Level
San Diego Convention Center

Exhibit Hall Grand Opening and Corporate Appreciation Reception

Monday, April 16

8 – 9:30 a.m.

East Terrace/Room 33
San Diego Convention Center

Top 100 Airport CEO Leadership Focus

Breakfast is from 8 to 8:30 a.m. in the East Terrace

9:35 – 10:05 a.m.

Room 21 – Upper Level
San Diego Convention Center

Informal Meet and Greet with AAAE Leaders and

Keynote Speaker Simon Sinek

Tuesday, April 17

7:30 – 9 a.m.

Aqua 300 – Level 3
Hilton San Diego Bayfront

Breakfast for AAAE Leaders Hosted by Airports Consultants Council

Business Expense 2
April 2018

9:45 – 10:15 a.m.
Room 21 – Upper Level
San Diego Convention Center

Informal Meet and Greet with AAAE Leaders and
Keynote Speaker Keller Rinaudo

Wednesday, April 18

11:45 a.m. - 12:15 p.m.
Room 21 – Upper Level
San Diego Convention Center

Informal Meet and Greet with AAAE Leaders and
Keynote Speaker Bradley Tilden

2:45 – 3:15 p.m.
Room 30A – Upper Level
San Diego Convention Center

AAAE Board of Directors and Policy Review Committee Meeting

Sunday, April 15 – Wednesday, April 18

90th Annual AAAE Conference and Exposition

Conference events taking place Sunday, April 15 through Wednesday, April 18 including general sessions, concurrent sessions, breakfasts, lunches, the exposition, departure for airport tours, the final banquet and dessert reception, will take place at the San Diego Convention Center.

Temperatures in San Diego are predicted to be in the mid-70s during the day and high 50's in the evenings. Dress is business casual for all meetings. Dress for Wednesday night's banquet is business attire.

If you need anything, please feel free to call **Erin O'Connor** at (914) 263-6638 or email erin.oconnor@aaae.org or me at (703) 801-5180 or email jacky.sherraker@aaae.org. See you in San Diego!

APRIL BOLING

J. SCHIAVONI

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

2018

SDCRAA
APR 30 2018
Corporate & Information Governance

MONTHLY MILEAGE and PARKING FEE REIMBURSEMENT REPORT

EMPLOYEE NAME Johanna S. Schiavoni			PERIOD COVERED 4/1/2018-4/30/2018	
DEPARTMENT/DIVISION Board of Directors				
Date	Miles driven	Destination and purpose of trip	Parking fees & other transportation costs paid	\$\$\$
4/5/18	10.70	SDCRAA Board Meeting		
4/9/18	10.70	SDCRAA Board Orientation (Authority Academy 101): Ground Transportation Briefing and A		
4/19/18	10.70	SDCRAA Special Board and Capital Improvement Program Oversight Committee Meeting		
4/23/18	10.70	SDCRAA Special Board Meeting and Finance Committee meeting		
4/24/18	10.70	SDCRAA Board Orientation: Labor 101 Training		
SUBTOTAL	53.50			

Computation of Reimbursement

	53.50
REIMBURSEMENT RATE: (see below) * Rate as of Januar	0.545
TOTAL MILEAGE REIMBURSEMENT	29.16
PARKING FEES/TOLL CHARGES (ATTACH RECEIPTS)	-
TOTAL REIMBURSEMENT REQUESTED	\$ 29.16

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

Johanna Schiavoni
SIGNATURE OF EMPLOYEE

DEPT./DIV. HEAD APPROVAL

TRAVEL EXPENSE

KIM BECKER

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

TRAVEL EXPENSE REPORT

(To be completed within 30 days from travel return date)

TRAVELER: Kimberly J. Becker DEPT. NAME & NO. Executive Office/BU 6
 DEPARTURE DATE: 4/25/2018 RETURN DATE: 4/27/2018 REPORT DUE: 5/27/18
 DESTINATION: Washington, DC (GAC Directors Meeting)

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.

	Authority Expenses (Prepaid by Authority)	Employee Expenses							TOTALS
		SATURDAY	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	
Air Fare, Railroad, Bus (attach copy of itinerary w/charges)	\$477.59					4/25/18	4/26/18	4/27/18	0.00
Conference Fees (provide copy of flyer/registration expenses)									0.00
Rental Car*									0.00
Gas and Oil*									0.00
Garage/Parking*									0.00
Mileage - attach mileage form*									0.00
Taxi and/or Shuttle Fare (include tips pd.)*								24.63	24.63
Hotel*						444.28	361.62		805.90
Telephone, Internet and Fax*									0.00
Laundry*									0.00
Tips - separately paid (maids, bellhop, other hotel svcs.)									0.00
Meals (include tips pd.)	Breakfast*							4.90	4.90
	Lunch*					19.03		17.13	36.16
	Dinner*					33.60	30.35		63.95
	Other Meals*								0.00
<i>Alcohol is a non-reimbursable expense</i>									
Hospitality ¹ *									0.00
Miscellaneous: Baggage Fee									0.00
									0.00
									0.00
*Provide detailed receipts									0.00
Total Expenses prepaid by Authority	477.59	0.00	0.00	0.00	0.00	496.91	391.97	46.66	935.54

Explanation:	Total Expenses Prepaid by Authority	477.59
	Total Expenses Incurred by Employee (including cash advances)	935.54
	Grand Trip Total	1,413.13
	Less Cash Advance (attach copy of Authority ck)	
	Less Expenses Prepaid by Authority	477.59
	Due Traveler (positive amount)²	
	Due Authority (negative amount)³	935.54
<i>Note: Send this report to Accounting even if the amount is \$0.</i>		

I as traveler or administrator acknowledge that I have read, understand and agree to Authority policies 3.40 - Travel and Lodging Expense Reimbursement Policy⁴ and 3.30 - Business Expense Reimbursement Policy⁵ 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.
Travel and Lodging Expense Reimbursement Policy 3.40 Business Expense Reimbursement Policy 3.30

Prepared By: Diane Casey Ext.: 2445
 Traveler Signature: Date: _____
 Approved By: _____ Date: 5/4/18

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE (To be certified if used by President/CEO, Gen. Counsel, or Chief Auditor)

I, _____ hereby certify that this document was approved by the Executive Committee at its _____ meeting.
 (Please leave blank. Whoever clerk's the meeting will insert their name and title.)
 (Leave blank and we will insert the meeting date.)

Failure to attach required documentation will result in the delay of processing reimbursement. If you have any questions, please see your department Administrative Assistant or call Accounting at ext. 2806.

**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: Kimberly J. Becker Dept: BU 6
 Position: Board Member President/CEO Gen. Counsel Chief Auditor
 All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 2/6/2018 PLANNED DATE OF DEPARTURE/RETURN: 4/25/2018 / 4/27/2018

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip– continue on extra sheets of paper as necessary):

Destination: Washington, DC Purpose: Attend U.S. Travel Assn Gateway Airports Council (GAC) CEO Roundtable & GAC Directors Meeting
 Explanation: _____

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:

• AIRFARE	\$	600.00
• *RENTAL CAR (Must complete page 2)	\$	
• OTHER TRANSPORTATION (Taxi, Train)	\$	100.00
B. LODGING	\$	800.00
C. MEALS	\$	200.00
D. SEMINAR AND CONFERENCE FEES	\$	
E. ENTERTAINMENT (If applicable)	\$	
F. OTHER INCIDENTAL EXPENSES	\$	50.00
TOTAL PROJECTED TRAVEL EXPENSE	\$	1750.00

*Permitted in limited circumstances; must be pre-approved. Provide a copy of Out-of-Town Travel Request form to Risk Management prior to travel in order to obtain insurance identification card covering rental period.

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: Kimberly J. Becker Date: 2/6/18

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: Martha Morales Date: 2/16/18
Approved by the Executive and Finance Committee at the 13 February 15, 2018 meeting
 Martha Morales, Asst Authority Clerk

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

Kim Becker
Washington
04/26/18

U.S. TRAVEL ASSOCIATION

GAC Directors Meetings

Thursday, April 26
12:30p.m. – 5:00p.m. ET
300 New Jersey Ave. NW, Suite 800
Washington, D.C. 20001

Agenda

Joint Lunch Session: CEO Roundtable – GAC Directors

12:30 pm – 1:45 pm GAC Directors will meet with members of U.S. Travel's CEO Roundtable, an exclusive group of CEOs from America's largest travel companies. The lunch discussion will focus on issues and policies of mutual interest. Senate Commerce Committee Chairman John Thune (R-SD) will attend the lunch and deliver keynote remarks.

GAC Directors Strategic Planning Session

2:00 pm – 2:15 pm Welcome and Brief Overview

2:15 pm – 2:20 pm Goals of our Discussion

2:20 pm – 2:30 pm Context Setting: How do other members leverage US Travel?

2:30 pm – 3:20 pm SWOT Analysis & Strategic Implications

3:20 pm – 3:30 pm Break

3:30 pm – 3:45 pm Defining GAC-US Travel Guidelines: What types of issues will we champion?

3:45 pm – 4:15 pm Defining Our Priority Issues & Desired Outcomes

4:15 pm – 4:50 pm Operational Structure to Achieve Priorities

4:50 pm – 5:00 pm Conclusion and Next Steps

GAC Directors and Staff Reception

5:30 pm – 6:30 pm Following the meeting, U.S. Travel will host an informal reception for GAC Directors and staff. Cocktails and hors d'oeuvres will be served.

Location: *The 201 Bar, 201 Massachusetts Ave NE, Washington, DC 20002*

Kim Becker
Washington
04/26/18

Traveltrust Corporation
374 North Coast Hwy 101, Suite F
Encinitas, CA 92024
Phone: (760) 635-1700



ADD TO OUTLOOK

Friday, 20APR 2018 12:49 PM EDT

Passengers: **MATTHEW HARRIS (06)**
KIMBERLY JANE BECKER (06)

Agency Reference Number: NGGMBR

Click here to view your current itinerary or ETicket receipt on-line: tripcase.com

American Airlines Confirmation NGGMBR

Please review your itinerary and report any discrepancies to Traveltrust within 24hrs of receipt
Be sure to visit www.traveltrust.com for additional travel information

TRAVELTRUST STRONGLY RECOMMENDS CHECKING IN
ONLINE WITH YOUR AIRLINE AT LEAST 24 HOURS PRIOR TO
EACH FLIGHT FOR THE MOST CURRENT TIMES AND ALERTS

AIR **Wednesday, 25APR 2018**

American Airlines
Operated By: SKYWEST AIRLINES AS AMERICAN EAGLE
Flight Number: 3076 **Class:** G-Coach/Economy
From: San Diego CA, USA **Depart:** 09:28 AM
To: Los Angeles CA, USA **Arrive:** 10:37 AM
Stops: Nonstop **Duration:** 1 hour(s) 9 minute(s)
Seats: 10A, 10B **Status:** CONFIRMED **Miles:** 98 / 157 KM
Equipment: CRJ-700 Canadair Regional Jet
DEPARTS SAN TERMINAL 2
Frequent Flyer Number [REDACTED] for MATTHEW HARRIS
Frequent Flyer Number [REDACTED] for KIMBERLY JANE BECKER
American Airlines Confirmation number is NGGMBR

AIR **Wednesday, 25APR 2018**

American Airlines
Flight Number: 0052 **Class:** S-Coach/Economy
From: Los Angeles CA, USA **Depart:** 01:00 PM
To: Washington Reagan Natl DC, USA **Arrive:** 09:08 PM
Stops: Nonstop **Duration:** 5 hour(s) 8 minute(s)
Seats: 24B, 24E **Status:** CONFIRMED **Miles:** 2295 / 3672 KM
Equipment: 32B/AIR **MEAL:** Food and Bev for Purchase
ARRIVES DCA TERMINAL C
Frequent Flyer Number [REDACTED] for MATTHEW HARRIS
Frequent Flyer Number [REDACTED] for KIMBERLY JANE BECKER
American Airlines Confirmation number is NGGMBR

AIR **Friday, 27APR 2018**

American Airlines
Flight Number: 2743 **Class:** L-Coach/Economy
From: Washington Reagan Natl DC, USA **Depart:** 11:05 AM

Kim Becker
Washington
04/26/18

To: Chicago O'Hare IL, USA Arrive: 12:21 PM
 Stops: Nonstop Duration: 2 hour(s) 16 minute(s)
 Seats: 14C, 07C Status: CONFIRMED Miles: 594 / 950 KM
 Equipment: Boeing 737-800 Jet MEAL: FOOD FOR PURCHASE
 DEPARTS DCA TERMINAL C - ARRIVES ORD TERMINAL 3
 Frequent Flyer Number [redacted] for MATTHEW HARRIS
 Frequent Flyer Number [redacted] for KIMBERLY JANE BECKER
American Airlines Confirmation number is NGGMBR

AIR **Friday, 27APR 2018** 

American Airlines **Flight Number: 0998** **Class: L-Coach/Economy**
From: Chicago O'Hare IL, USA **Depart: 01:35 PM**
To: San Diego CA, USA **Arrive: 03:56 PM**
 Stops: Nonstop Duration: 4 hour(s) 21 minute(s)
 Seats: 09B, 09C Status: CONFIRMED Miles: 1719 / 2750 KM
 Equipment: Boeing 737-800 Jet MEAL: Food and Bev for Purchase
 DEPARTS ORD TERMINAL 3 - ARRIVES SAN TERMINAL 2
 Frequent Flyer Number: AA047D8K6 for MATTHEW HARRIS
 Frequent Flyer Number: AAMTJ4330 for KIMBERLY JANE BECKER
American Airlines Confirmation number is NGGMBR

THIS TICKET IS NON-REFUNDABLE AND MUST BE USED FOR THE FLIGHTS BOOKED. IF THE RESERVATION IS NOT USED OR CANCELLED BEFORE THE DEPARTURE OF YOUR FLIGHTS IT MAY HAVE NO VALUE. CONTACT TRAVELTRUST BEFORE YOUR OUTBOUND FLIGHT IF CHANGE IS NECESSARY. AMERICAN AIRLINES CONFIRMATION NUMBER - NGGMBR FOR EMERGENCY SERVICE FROM UNITED STATES - 888-221-6043

Ticket/Invoice Information

Ticket for: MATTHEW HARRIS
 Date issued: 4/13/2018 Invoice Nbr: 5469820
 Ticket Nbr: AA7136117571 Electronic Tkt: Yes Amount: 620.60 USD
 Exchange for: 0017050265316 Issued: 21FEB18
 Total Exchange: 200.10

cancelled original flight

Exchange fee

Charged to: AX*****1013

Ticket for: KIMBERLY JANE BECKER
 Date issued: 4/13/2018 Invoice Nbr: 5469822
 Ticket Nbr: AA7136117575 Electronic Tkt: Yes Amount: 620.60 USD
 Exchange for: 0017056977373 Issued: 05MAR18
 Total Exchange: 0.00

cancelled original flight

Ticket for: MATTHEW HARRIS
 Date issued: 4/20/2018 Invoice Nbr: 5470810
 Ticket Nbr: AA7137802423 Electronic Tkt: Yes Amount: 960.60 USD
 Exchange for: 0017136117571 Issued: 21FEB18
 Total Exchange: 540.00

new ticket

adjusted for credit

Charged to: AX*****1013

Ticket for: KIMBERLY JANE BECKER
 Date issued: 4/20/2018 Invoice Nbr: 5470812
 Ticket Nbr: AA7137802425 Electronic Tkt: Yes Amount: 960.60 USD
 Exchange for: 0017136117575 Issued: 05MAR18
 Total Exchange: 252.59

new ticket

adjusted for credits

Charged to: AX*****1013

Service fee: MATTHEW HARRIS
 Date issued: 4/13/2018

Matt Harris
 \$ 540.00 Ticket Fee with credit from original ticket
 + 200.10 Exchange fee

 740.10
 + 200.00 change penalty

 940.10
 25.00 Travel Trust fee

 \$ 965.10

Kim Beckers
 \$ 252.59 Ticket Fee with credit from original ticket and eq file credits
 + 200.00 change penalty

 \$ 452.59
 + 25.00 Travel Trust fee

 \$ 477.59

\$ 965.10 HARRIS
 \$ 477.59 Beckers

 1,442.69 Total

Kim Becker
Washington
04/26/18

Document Nbr: XD0733708883
Charged to: AX*****1013

charge Penalty
Amount: 200.00

Service fee: KIMBERLY JANE BECKER
Date issued: 4/13/2018
Document Nbr: XD0733708884
Charged to: AX*****1013

charge Penalty
Amount: 200.00

Service fee: MATTHEW HARRIS
Date issued: 4/20/2018
Document Nbr: XD0734015366
Charged to: AX*****1013

Travel Trust Fee
Amount: 25.00

Service fee: MATTHEW HARRIS
Date issued: 4/20/2018
Document Nbr: XD0734015368
Charged to: AX*****1013

Travel Trust Fee
Amount: 25.00

Total Tickets: 992.69
Total Fees: 450.00
Total Amount: 1442.69

Click here 24 hours in advance to obtain boarding passes:

[American](#)

Click here to review Baggage policies and guidelines:

[American](#)

Check operating carrier website for any policies that may vary.

TSA Guidance- a government issued photo id is needed for checkin.
Please allow minimum 3 hour check-in for International flights and 2 hours for Domestic.
For Additional security information visit www.tsa.gov.

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Saturday from 9am-1pm Pacific.

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Each call is billable at a minimum \$25.00 per call/reservation

KIMPTON
**MASON
 & ROOK**
 HOTEL

Kim Becker
 Washington
 04/26/18

Mr. Kimberly Becker
 [REDACTED]
 [REDACTED]
 United States

Room No. : 0210
 Arrival : 04-25-18
 Departure : 04-27-18
 Folio No. :
 Cashier No. : 17
 Conf. No. : 228897

INFORMATION INVOICE

Page No. : 1 of 1

Date	Description	Charges	Credits
04-25-18	*Accommodation	387.00	4/25
04-25-18	Local Occupancy Tax	57.28	\$ 444.28
04-26-18	*Accommodation	315.00	4/26
04-26-18	Local Occupancy Tax	46.62	\$ 361.62
Total Charges		805.90	
Total Credits			0.00
Balance			805.90

Thank you for staying with us at The Kimpton Mason & Rook Hotel!

KIM BECKER
RECEIPTS FOR
GAC Directors Meeting
Washington, DC
April 25 - 27, 2018

04/25- Lunch



8oz BURGER T4
LAX INTERNATIONAL AIRPORT

34895 Winston

2040 GST 1
APR25'18 11:25AM

TO GO

1 BURG ALL AMERICN	13.99
MEDIUM	
FRIES	
1 SODA FTN M	3.39
DIET COKE	
AT652932 XXX7826	
MSTRCD CC	19.03
SUBTOTAL	17.38
TAX	1.65
AMOUNT PAID	19.03

---34895 Closed APR25 11:26AM---

WE WANT TO HEAR YOUR FEEDBACK!
PLEASE CONTACT 1-877-672-7467
OR CUSTOMERSERVICE@HMSHOST.COM
TO SHARE YOUR EXPERIENCE.

STOREID: LAXEBB01

KIM BECKER
RECEIPTS FOR
GAC Directors Meeting
Washington, DC
April 25 - 27, 2018

04/25 - DINNER

RADIATOR
www.radiatordc.com
1430 RHODE ISLAND AVE
WASHINGTON, DC 20005
202-742-3150

Server: Caroline DOB: 04/25/2018
10:31 PM 04/25/2018
Table 27/2 5/50043

SALE

VISA 5242907
Card #XXXXXXXXXX4471
Magnetic card present: Yes
Card Entry Method: S
Approval: 05091D

RADIATOR
www.radiatordc.com
1430 RHODE ISLAND AVE
WASHINGTON, DC 20005
202-742-3150

Server: Caroline 04/25/2018
Table 27/1 10:27 PM
Guests: 4

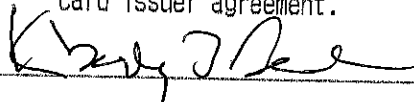
#30044

Amount: \$28.60
+ Tip: 5-
= Total: 33.60

7up 4.00
Scallops 22.00
Subtotal 26.00
Tax 2.60
Total 28.60

Balance Due 28.60

I agree to pay the above
total amount according to the
card issuer agreement.

X 

1430 RHODE ISLAND AVE NW
WASHINGTON, DC 20005
202-742-3150

1430 RHODE ISLAND AVE NW
WASHINGTON, DC 20005
202-742-3150

Guest Copy

KIM BECKER
RECEIPTS FOR
GAC Directors Meeting
Washington, DC
April 25 - 27, 2018

04/26 - DINNER

COMMISSARY



202-299-0018
www.commissarydc.com
0223 TABLE 13 #Party 1
26-JESSE F SvrCk: 5 6:51p 04/26/18
Separate checks: 1-of-2

1 LEMON RISOTTO, w/ chicken 21.00
1 ICED TEA 2.50

Sub Total: 23.50
Tax : 2.35
Sub Total: 25.85

04/26 7:28p TOTAL: 25.85

Suggested Gratuity
22% GRATUIT 5.17
20% GRATUIT 4.70
18% GRATUIT 4.23

WHAT DO YOU
CALL A
LUCKY PICKLE?

A BIG DILL

CHECK #: 23

0223

Server: 26-JESSE F (#26) Rec:162
04/26/18 19:35, Swiped T: 13 Term: 3

COMMISSARY
1443 P ST NW
WASHINGTON DC, 20005
(202)299-0018
MERCHANT #: 183339432

CARD TYPE ACCOUNT NUMBER
MASTER CARD XXXXXXXXXXXX7826
Name: KIMBERLY J BECKER
OO TRANSACTION APPROVED
AUTHORIZATION #: 695167
Reference: 0426010000223
TRANS TYPE: Credit Card SALE

CHECK: 25.85
TIP: 4.50
TOTAL: 30.35

x Kimberly J Becker

Duplicate Copy

CARDHOLDER WILL PAY CARD ISSUER ABOVE
AMOUNT PURSUANT TO CARDHOLDER AGREEMENT
RESTAURANT COPY

KIM BECKER
RECEIPTS FOR
GAC Directors Meeting
Washington, DC
April 25 - 27, 2018

04/27 - Breakfast

STARBUCKS Store #7845
1425 P Street, NW
Washington, DC (202) 462-9717

CHK 708906
04/27/2018 08:45 AM
1136886 Drawer: 2 Reg: 1

Gr Chai Tea Latte	4.45
Tr Icd Tea Refill	0.50
No Liquid Cn Sugar	
MSR MEMBER	-0.50
Sbux Card	4.90
XXXXXXXXXXXX1231	
Subtotal	\$4.45
Tax 10%	\$0.45
Total	\$4.90
Change Due	\$0.00

----- Check Closed -----
04/27/2018 08:45 AM

SBUX Card x1231 New Balance: 38.92
Card is registered.

Your Savings Today is: \$0.50

The Starbucks Run
Go for 4, get more
Enjoy a \$5 Starbucks Card
when you buy 4 grande handcrafted
beverages after 2 PM.

At participating stores. Purchases must
be made in a single transaction.

Barista ring code 3310.

KIM BECKER
 RECEIPTS FOR
 GAC Directors Meeting
 Washington, DC
 April 25 - 27, 2018

04/27 - Lunch

O'Briens
 O'Hare Terminal 3
 Chicago, IL 60666
 773-462-0700

Date: Apr27'18 12:32PM
 Card Type: Mastercard
 Acct #: XXXXXXXXXXXX7826
 Card Entry: SWIPED
 Trans Type: PURCHASE
 Trans Key: GIG007496915922
 Auth Code: 608410
 Check: 1314
 Server: 10038 Karen R

Subtotal: **17.13**

TOTAL _____

GUEST COPY

O'Briens
 O'Hare Terminal 3
 Chicago, IL 60666
 773-462-0700

10038 Karen R

 Chk 1314 Apr27'18 12:31P Gst 0

Dining Rm	
1 Baked Chips	1.67
1 Ham Sandwich	9.50
1 W/ Cheese	1.00
1 Bottled Soda	3.19
XXXXXXXXXXXX7826 Mastercard	17.13
Sub Total	15.36
Tax	1.77
Payment	17.13
Food Tax	1.40
NA Bev Tax	0.37

Thank you for joining us today!
 Have a great trip!

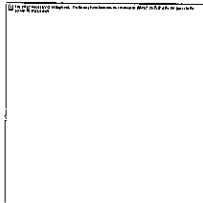
Kim Becker
Washington
04/26

Casey Diane

Subject:

FW: Your ride with Ladonna on April 27

04/27 - Transportation



Thanks for riding with Ladonna!

April 27, 2018 at 9:02 AM

Ride Details

Lyft fare (5.54mi, 30m 1s)	\$21.46
DC City Fee	\$0.17
Tip	\$3.00
<hr/>	
 PayPal account	\$24.63



Pickup 9:02 AM
1441 Rhode Island Ave NW, Washington, DC

Dropoff 9:32 AM
Aviation Cir, Arlington, VA

Expense Code: GAC TRIP

Earn Free Rides

Get \$500 in credits for referring a Washington, D.C. driver if they apply using your link, and give 410 rides within 60 days. They'll get a \$500 cash bonus,

DRAFT
BOARD
AGENDA

Thursday, June 7, 2018
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
Mark Kersey
Robert T. Lloyd
Paul Robinson
Johanna S. Schiavoni
Michael Schumacher
Mark B. West

Ex-Officio Board Members

Tim Gubbins
Jacqueline Wong-Hernandez
Col. Jason Woodworth

President / CEO

Kimberly J. Becker

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. INNOVATION LAB UPDATE:

Presented by Rick Belliotti, Director, Innovation and Small Business Development

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

- **AUDIT COMMITTEE:**
Committee Members: Hollingworth, Lloyd, Robinson (Chair), Schiavoni, Tartre, Van Sambeek, West
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
Committee Members: Boling, Kersey (Chair), Schumacher, Robinson
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Committee Members: Boling, Cox, Desmond (Chair), Kersey
- **FINANCE COMMITTEE:**
Committee Members: Cox (Chair), Lloyd, Schiavoni, West

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Liaison: Robinson (Primary), Schiavoni
- **ART ADVISORY COMMITTEE:**
Committee Member: Robert H. Gleason

LIAISONS

- **CALTRANS:**
Liaison: Gubbins
- **INTER-GOVERNMENTAL AFFAIRS:**
Liaison: Cox
- **MILITARY AFFAIRS:**
Liaison: Woodworth

- **PORT:**
Liaisons: Boling, Cox, Robinson
- **WORLD TRADE CENTER:**
Representatives: Robert H. Gleason

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Representatives: Boling (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 1-15):

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 May 3, 2018 regular 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 APRIL 9, 2018 THROUGH MAY 6, 2018 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM APRIL 9, 2018 THROUGH MAY 6, 2018:**
The Board is requested to receive the report.
RECOMMENDATION: Receive the report.
(Procurement: Jana Vargas, Director)
- 4. JUNE 2018 LEGISLATIVE REPORT:**
The Board is requested to approve the report.
RECOMMENDATION: Adopt Resolution No. 2018-_____, approving the June 2018 Legislative Report.
(Inter-Governmental Relations: Michael Kulis, Director)
- 5. APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE:**
The Board is requested to make an appointment.
RECOMMENDATION: Adopt Resolution No. 2018-_____, appointing Jack Van Sambeek to a new term as a public member of the Audit Committee.
(Corporate & Information Governance: Tony R. Russell, Director/Authority Clerk)
- 6. AMENDMENT OF AUTHORITY CODE PART 8.7 – STORM WATER CONTROL:**
The Board is requested to amend the code.
RECOMMENDATION: Adopt Resolution No. 2018-_____, amending Authority Code Part 8.7 – Storm Water Control.
(Planning & Environmental Affairs: Brendan J. Reed, Director)

CLAIMS

- 7. REJECT THE CLAIM OF SHEILA CULBREATH:**
The Board is requested to reject the claim.
RECOMMENDATION: Adopt Resolution No. 2018-_____, rejecting the claim of Sheila Culbreath.
(Legal: Amy Gonzalez, General Counsel)

COMMITTEE RECOMMENDATIONS

- 8. REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2018:**
The Board is requested to accept the information.
RECOMMENDATION: The Audit Committee recommends that the Board accept the information.
(Finance & Asset Management: Kathy Kiefer, Senior Director)

- 9. FISCAL YEAR 2018 THIRD 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.
(Audit: Fred Bolger, Manager, Audit Services)
- 10. FISCAL YEAR 2019 PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
The Board is requested to approve the plan.
RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2018-____, approving the plan.
(Audit: Lee Parravano, Chief Auditor)
- 11. ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO AUTHORITY POLICY 4.20 – POLICY GUIDELINES FOR PRUDENT INVESTMENTS, DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, FINANCE AND ASSET MANAGEMENT/TREASURER:**
The Board is requested to approve amendments.
RECOMMENDATION: Adopt Resolution No. 2018-____,
(Business & Financial Management: John Dillon, Director)
- 12. REVIEW OF AUTHORITY POLICY 4.40 – DEBT ISSUANCE:**
The Board is requested to receive the information.
RECOMMENDATION: The Finance Committee recommends that the Board defers amendments to Authority Policy 4.40 - Guidelines for Debt Issuance and Management through 2019.
(Business & Financial Management: John Dillon, Director)

CONTRACTS AND AGREEMENTS

- 13. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT TO PROVIDE A 14 CFR PART 150 NOISE COMPATIBILITY STUDY UPDATE:**
The Board is requested to approve an agreement.
RECOMMENDATION: Adopt Resolution No. 2018-____, approving and authorizing the President/CEO to execute an Agreement with _____, for a term of two years, for a total not-to-exceed amount of \$_____, to provide a 14 CFR Part 150 Noise Compatibility Study update.
(Airport Planning & Environmental Affairs: Sjohnna Knack, Program Manager)

14. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN ENERGY SERVICES AGREEMENT TO FINANCE, DESIGN, INSTALL, OPERATE AND MAINTAIN A BATTERY ENERGY STORAGE SYSTEM (BESS) VIA FIXED LEASE PAYMENT MODEL WITH _____, AT SAN DIEGO INTERNATIONAL AIRPORT:

The Board is requested to approve an agreement.

RECOMMENDATION: Adopt Resolution No. 2018-_____, approving and authorizing the President/CEO to negotiate and execute an Energy Services Agreement with _____ to finance, design, install, operate and maintain a Battery Energy Storage System for an amount not to exceed \$_____, and a maximum term limit of 10 years, at San Diego International Airport.

(Facilities Development: Iraj Ghaemi, Director)

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

15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE THE FIRST AMENDMENT TO THE AGREEMENT WITH VECTOR RESOURCES, INC., DBA, VECTORUSA FOR WI-FI EXPANSION IN TERMINALS AT SAN DIEGO INTERNATIONAL AIRPORT:

The Board is requested to approve an amendment.

RECOMMENDATION: Adopt Resolution No. 2018-_____, approving and authorizing the President/CEO to execute the first amendment to the agreement with Vector Resources, Inc., DBA, VectorUSA to increase the contract capacity to Resolution No. 2017-0003 by \$602,270 for a new not to exceed amount of \$2,500,000 for Project No. 104206, Wi-Fi expansion in terminals at San Diego International Airport.

(Facilities Development: Iraj Ghaemi, Director)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

16. AMEND AUTHORITY CODE 9.13 REGARDING COMMERCIAL DRIVER BACKGROUND CHECK REQUIREMENTS:

The Board is requested to amend the code.

RECOMMENDATION: Adopt Resolution No. 2018-_____, amending Authority Code 9.13 – Drivers Permits and Requirements, to meet the requirements set by the California Public Utilities Commission, with the exception of having a valid Taxicab Driver's Identification Card issued by the San Diego County Sheriff's Department.

(Ground Transportation: Marc Nichols, Director)

17. RENEWAL OF TAXI AND VEHICLE FOR HIRE MEMORANDUMS OF AGREEMENT:

The Board is requested to renew Memorandum of Agreements.

RECOMMENDATION: Adopt Resolution No. 2018-____, authorizing the President/CEO to execute renewed taxi and vehicle-for-hire memorandums of agreement through December 31, 2020.

Adopt Resolution No. 2018-____, exempting the Vehicle-for-Hire mode from the Non-AFV Trip Fee until such time as suitable vehicles can be identified which meet the standard.

(Ground Transportation: Marc Nichols, Director)

18. APPROVAL OF FY2019 OPERATING BUDGET AND FY2020 CONCEPTUAL BUDGET AND CAPITAL PROGRAM BUDGET:

The Board is requested to approve the budgets.

RECOMMENDATION: Adopt Resolution No. 2018-____,

(Business & Financial Management: John Dillon, Director)

CLOSED SESSION:

19. 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

20. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:

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

Name of Case: K.S.A.N. L.L.C v. San Diego County Regional Airport Authority, et al. San Diego Superior Court Case No. 37-2017-00024982-CU-NP-CTL

21. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:

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

Name of Case: Juanita Robledo v. San Diego International Airport, et al. San Diego Superior Court Case No. 37-2017-00008485-CU-PO-CTL

22. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:

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

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

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

23. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

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

Number of cases: 1

- 24. 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
- 25. 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
- 26. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of potential cases: 2
- 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 Robert Bobbett and Request For Defense and Indemnity from the San Diego Unified Port District regarding the claim
- 28. 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 Donna Kashani and Request For Defense and Indemnity from the San Diego Unified Port District regarding the claim
- 29. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Airline Operating and Lease Agreement - San Diego International Airport Agency Negotiator: Kim Becker, Scott Brickner, Amy Gonzalez
Negotiating Parties: Alaska Airlines, Allegiant Airlines, American Airlines, British Airways, Delta Airlines, FedEx, JetBlue Airlines, Southwest Airlines Under Negotiation: price and terms of payment

30. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
Cal. Gov. Code §54957
Title: President/CEO
31. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
Cal. Gov. Code §54957
Title: General Counsel
32. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
Cal. Gov. Code §54957
Title: Chief Auditor

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>
July 12	Thursday	9:00 A.M.	Special	Board Room

Board Members

C. April Boling
Chairman

Greg Cox

Jim Desmond

Mark Kersey

Robert T. Lloyd

Paul Robinson

Johanna S. Schiavoni

Michael Schumacher

Mark B. West

Ex-Officio Board Members

Tim Gubbins

Jacqueline Wong-Hernandez

Col. Jason Woodworth

President / CEO

Kimberly J. Becker

DRAFT
AIRPORT LAND USE COMMISSION
AGENDA

Thursday, June 7, 2018
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>***

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 (Item 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 May 3, 2018 regular meeting.

2. REPORT OF DETERMINATIONS OF CONSISTENCY WITH AIRPORT LAND USE COMPATIBILITY PLANS:

The Airport Land Use Commission is requested to receive a report of determinations of consistency with Airport Land Use Compatibility Plans issued by staff.

RECOMMENDATION: Receive the report.

(Airport Planning: Ralph Redman, Manager)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

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>
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