

Special Executive-Finance Committee and Special Board Meeting Agenda

Monday, May 24, 2021

10:00 A.M.

San Diego International Airport
SDCRAA Administration Building
3225 N. Harbor Drive
San Diego, California 92101

Board Members

Johanna Schiavoni (Chair)
Paul Robinson (Vice Chair)
Catherine Blakespear
Gil Cabrera
Mary Casillas Salas
Robert T. Lloyd
Paul McNamara
Nora E. Vargas
Marni von Wilpert

Ex-Officio Board Members

Gustavo Dallarda
Col. Charles B. Dockery
Gayle Miller

President/CEO

Kimberly J. Becker

This meeting of the Executive-Finance Committee of the San Diego County Regional Airport Authority Board will be conducted pursuant to the provisions of California Executive Order N-29-20 which suspends certain requirements of the Ralph M. Brown Act. During the current State of Emergency and in the interest of public health, all Board members will be participating in the meeting electronically. In accordance with the Executive Order, there will be no members of the public in attendance at the Board Meeting. We are providing alternatives to in-person attendance for viewing and participating in the meeting. In lieu of in-person attendance, members of the public may submit their comments in the following manner.

Comment on Non-Agenda Items

Public comments on non-agenda items must be submitted to the Authority Clerk at clerk@san.org no later than 4:00 p.m. the day prior to the posted meeting in order to be eligible to be read into the record. The Authority Clerk will read the first 30 comments received by 4:00 p.m. the day prior to the meeting into the record; each of these comments will be read for up to three minutes or for the time determined by the Chair. The maximum number of comments to be read into the record on a single issue will be 16. All other comments submitted, including those received after 4:00 p.m. the day prior and before 8:00 a.m. the day of the meeting, will be provided to the Authority Board and submitted into the written record for the meeting.

Comment on Agenda Items

Public comment on agenda items may be submitted to the Authority clerk at clerk@san.org. Comments received no later than 8:00 a.m. on the day of the meeting will be distributed to the Board and included in the record.

If you'd like to speak to the Board live during the meeting, please follow these steps to request to speak:

Monday, May 24, 2021

- **Step 1:** Fill out the online [Request to Speak Form](#) to speak during the meeting via teleconference. The form must be submitted by 4 p.m. the day before the meeting or by 4:00 p.m. the Friday before a Monday meeting. After completing the form, you'll get instructions on how to call in to the meeting.
- **Step 2:** Watch the meeting via the Webcast located at the following link, <https://www.san.org/Airport-Authority/Meetings-Agendas/Executive-Finance?EntryId=13959>
- **Step 3:** When the Board begins to discuss the agenda item you want to comment on, call in to the conference line, you will be placed in a waiting area. ***Please do not call until the item you want to comment on is being discussed.***
- **Step 4:** When it is time for public comments on the item you want to comment on, Authority Clerk staff will invite you into the meeting and unmute your phone. Staff will then ask you to state your name and begin your comments.

How to Watch the Meeting

You may also view the meeting online at the following link: <https://www.san.org/Airport-Authority/Meetings-Agendas/Executive-Finance?EntryId=13959>

Requests for Accessibility Modifications or Accommodations

As required by the Americans with Disabilities Act (ADA), requests for agenda information to be made available in alternative formats, and any requests for disability-related modifications or accommodations required to facilitate meeting participation, including requests for alternatives to observing meetings and offering public comment as noted above, may be made by contacting the Authority Clerk at (619) 400-2550 or clerk@san.org. The Authority is committed to resolving accessibility requests swiftly in order to maximize accessibility.

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 Board Services 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 Board Services/Authority Clerk Department.

Monday, May 24, 2021

CALL TO ORDER:

ROLL CALL:

Executive Committee

Committee Members: Lloyd, Robinson, Schiavoni (Chair)

Finance Committee

Committee Members: Cabrera, Casillas Salas, Lloyd (Chair), Vargas, von Wilpert

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.

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the April 26, 2021 regular meeting.

FINANCE COMMITTEE NEW BUSINESS:

2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE TEN MONTHS ENDED APRIL 30, 2021:

Presented by: Scott Brickner, Vice President/CFO

3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF APRIL 30, 2021:

Presented by: Geoff Bryant, Manager, Airport Finance

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

RECOMMENDATION: Forward this item to the Board with a recommendation to approve amendments to Authority Policy 4.40 - Guidelines for Debt Issuance and Management.

Presented by: John Dillon, Director, Financial Management

Monday, May 24, 2021

5. ANNUAL REVIEW OF AUTHORITY POLICY 4.20 – GUIDELINES FOR PRUDENT INVESTMENTS, AND DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, CHIEF FINANCIAL OFFICER/TREASURER:

RECOMMENDATION: Forward this item to the Board with a recommendation to approve amendments to Authority Policy 4.20 - Guidelines for Prudent Investments, and delegating authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer.

Presented by: Geoff Bryant, Manager, Airport Finance

EXECUTIVE COMMITTEE NEW BUSINESS:

6. SAN DIEGO COMMUNITY POWER PROGRAM:

Presented by: Brendan Reed, Director, Airport Planning & Environmental; Cogan Semler, Manager, Energy & Water Management

7. 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, Board Services/Authority Clerk

REVIEW OF FUTURE AGENDAS:

8. REVIEW OF THE DRAFT AGENDA FOR THE JUNE 3, 2021 BOARD MEETING:

Presented by: Kimberly J. Becker, President/CEO

9. REVIEW OF THE DRAFT AGENDA FOR THE JUNE 3, 2021 AIRPORT LAND USE COMMISSION MEETING:

Presented by: Kimberly J. Becker, President/CEO

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT:

Monday, May 24, 2021

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

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

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

Additional Meeting Information

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

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

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

You may also reach the SDCRAA 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.

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
EXECUTIVE-FINANCE COMMITTEE MEETING MINUTES
MONDAY, APRIL 26, 2021
BOARD ROOM

CALL TO ORDER: Chair Schiavoni called the regular Executive and Finance Committee meeting to order at 9:02 a.m., on Monday, April 26, 2021, electronically and via teleconference pursuant to Executive Order N-29-20, at the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

ROLL CALL:

Executive Committee

Present: Committee Members: Robinson, Schiavoni (Chair)

Absent: Committee Members: Lloyd

Finance Committee

Present: Committee Members: Cabrera, Casillas Salas, von Wilpert (Vice Chair)

Absent: Committee Members: Lloyd (Chair), Vargas

Also Present: Kim Becker, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Board Services/Authority Clerk; Dustin Heick, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT: None

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the March 22, 2021 regular meeting.

ACTION: Moved by Board Member Robinson and seconded by Chair Schiavoni to approve staff's recommendation. Motion carried unanimously noting Board Member Lloyd as ABSENT.

4. 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:

Tony R. Russell, Director, Board Services/Authority Clerk, reported that there were no requests submitted for approval.

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

ACTION: No action taken.

REVIEW OF FUTURE AGENDAS:

5. **REVIEW OF THE DRAFT AGENDA FOR THE MAY 6, 2021 BOARD MEETING:**
Kimberly J. Becker, President/CEO, provided an overview of the May 6, 2021 draft Board Agenda. She also requested that a "Review of the Unaudited Financial Statements for the Nine Months Ended March 31, 2021" presentation be added to the agenda.

Amy Gonzalez, General Counsel, requested that a Closed Session item be added regarding Neighbors Against Noise and Traffic versus the City of El Cajon.

6. **REVIEW OF THE DRAFT AGENDA FOR THE MAY 6, 2021 AIRPORT LAND USE COMMISSION MEETING:**
Kimberly J. Becker, President/CEO, provided an overview of the May 6, 2021 draft Airport Land Use Commission meeting agenda.

FINANCE COMMITTEE NEW BUSINESS:

Vice Chair von Wilpert joined the meeting at 9:14 a.m.

2. **REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2021:**
Scott Brickner, Vice President/CFO, provided a presentation on the Review of the Unaudited Financial Statements for the Nine Months Ended March 31, 2021 that included Enplanements, Gross Landing Weight Units, Operating Revenues, Operating Expenses, Net Operating Income Summary, Nonoperating Revenues & Expenses and Statements of Net Position.

Board Member Cabrera requested an update on why the Harbor Police cost were more during this fiscal year as it relates to our budgeting process.

ACTION: Moved by Board Member Cabrera and seconded by Board Member Casillas Salas to approve staff's recommendation. Motion carried unanimously noting Chair Lloyd and Board Member Vargas as ABSENT.

3. **REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF MARCH 31, 2021:**
Geoff Bryant, Manager, Airport Finance, provided a presentation on the Investment Report that included Portfolio Characteristics, Sector Distribution, Quality and Maturity Distribution, Investment Performance and Bond Proceeds.

ACTION: Moved by Board Member Cabrera and seconded by Vice Chair von Wilpert to approve staff's recommendation. Motion carried unanimously noting Chair Lloyd and Board Member Vargas as ABSENT.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting adjourned at 9:54 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY EXECUTIVE COMMITTEE THIS 24th DAY OF MAY, 2021.

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Net Position
as of April 30, 2021
(Unaudited)

ASSETS

	April	
	2021	2020
Current assets:		
Cash and investments ⁽¹⁾	\$ 107,074,556	\$ 95,733,948
Tenant lease receivable, net of allowance of 2021: (160,012) and 2020: (\$211,156)	15,033,575	18,168,550
Grants receivable	8,078,029	3,675,531
Notes receivable-current portion	2,123,843	2,006,052
Prepaid expenses and other current assets	8,112,018	8,611,532
Total current assets	140,422,021	128,195,613
 Cash designated for capital projects and other ⁽¹⁾	 118,431,543	 77,431,150
 Restricted assets:		
Cash and investments:		
Bonds reserve ⁽¹⁾	63,145,006	62,911,770
Passenger facility charges and interest unapplied ⁽¹⁾	44,778,754	67,559,985
Customer facility charges and interest unapplied ⁽¹⁾	29,466,554	48,469,271
SBD Bond Guarantee ⁽¹⁾	2,222,300	4,000,000
Bond proceeds held by trustee ⁽¹⁾	411,278,980	453,173,462
Passenger facility charges receivable	2,604,483	277,574
Customer facility charges receivable	1,693,782	1,110,734
Customer facility charges held by trustee	107,163	-
OCIP insurance reserve	5,075,108	5,519,913
Total restricted assets	560,372,130	643,022,709
 Noncurrent assets:		
Capital assets:		
Land and land improvements	136,757,115	136,757,115
Runways, roads and parking lots	709,054,024	698,701,559
Buildings and structures	1,736,183,497	1,695,520,194
Machinery and equipment	65,386,059	62,121,856
Vehicles	25,836,842	25,483,861
Office furniture and equipment	45,032,462	44,310,897
Works of art	13,980,641	13,980,641
Construction-in-progress	419,343,871	298,946,942
	3,151,574,511	2,975,823,065
Less accumulated depreciation	(1,335,310,181)	(1,200,368,391)
Total capital assets, net	1,816,264,330	1,775,454,674
Other assets:		
Notes receivable - long-term portion	25,729,958	27,668,742
Investments-long-term portion ⁽¹⁾	145,539,718	267,927,066
Net OPEB Asset	2,136,494	394,547
Security deposit	414,833	304,985
Total other assets	173,821,003	296,295,340
 Deferred outflows of resources:		
Deferred pension outflows	20,266,794	22,402,997
Deferred OPEB outflows	1,100,149	1,634,123
Deferred POB outflows	550,510	556,018
Deferred Bond Refunding	-	-
Total assets and deferred outflows of resources	\$ 2,831,228,480	\$ 2,944,992,624

⁽¹⁾ Total cash and investments, \$921,937,411 for 2021 and \$1,077,206,652 for 2020

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Net Position
as of April 30, 2021
(Unaudited)

LIABILITIES AND NET POSITION

	April	
	2021	2020
Current liabilities:		
Accounts payable and accrued liabilities	\$ 57,673,060	\$ 74,730,079
Deposits and other current liabilities	3,973,202	2,192,551
Total current liabilities	61,646,262	76,922,630
Current liabilities - payable from restricted assets:		
Current portion of long-term debt	36,520,000	31,560,000
Accrued interest on bonds and variable debt	27,231,798	26,871,709
Total liabilities payable from restricted assets	63,751,798	58,431,709
Long-term liabilities:		
Variable debt	-	13,719,000
Other long-term liabilities	13,440,332	9,167,131
Long term debt - bonds net of amortized premium	1,801,391,624	1,852,108,362
Net pension liability	15,961,502	15,961,502
Total long-term liabilities	1,830,793,458	1,890,955,995
Total liabilities	1,956,191,518	2,026,310,334
Deferred inflows of resources:		
Deferred pension inflows	6,190,685	6,190,685
Deferred OPEB inflows	1,400,369	507,578
Deferred POB inflows	218,627	217,937
Deferred Inflows Bond Refunding	3,902,077	4,105,664
Total liabilities and deferred inflows of resources	\$ 1,967,903,276	\$ 2,037,332,198
Net Position:		
Invested in capital assets, net of related debt	379,564,072	324,638,965
Other restricted	154,060,227	189,849,249
Unrestricted:		
Designated	146,613,505	48,903,106
Undesignated	183,087,400	344,269,106
Total Net Position	\$ 863,325,204	\$ 907,660,426

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
For the Month Ended April 30, 2021
(Unaudited)

	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating revenues:					
Aviation revenue:					
Landing fees	\$ 3,842,418	\$ 3,336,412	\$ (506,006)	(13)%	\$ 3,332,495
Aircraft parking Fees	1,112,398	744,812	(367,586)	(33)%	856,464
Building rentals	10,280,499	9,133,752	(1,146,747)	(11)%	5,283,798
CUPPS Support Charges	1,032,385	1,047,854	15,469	1%	579,581
Other aviation revenue	13,452	9,876	(3,576)	(27)%	8,067
Terminal rent non-airline	208,515	221,691	13,176	6%	208,909
Terminal concessions	2,238,355	2,297,461	59,106	3%	567,503
Terminal Concessions-Revenue Waived	-	(1,184,007)	(1,184,007)	-	-
Rental car license fees	2,206,469	2,194,906	(11,563)	(1)%	1,829,094
Rental car center cost recovery	174,259	160,368	(13,891)	(8)%	-
Rental Car-Revnuue Waived	-	(467,888)	(467,888)	-	-
License fees other	480,220	292,978	(187,242)	(39)%	522,437
Parking revenue	2,646,293	2,443,997	(202,296)	(8)%	458,067
Ground transportation permits and citations	1,227,918	532,792	(695,126)	(57)%	440,782
Ground rentals	1,593,242	1,766,939	173,697	11%	1,429,328
Grant reimbursements	24,800	30,758	5,958	24%	24,800
Other operating revenue	100,647	130,004	29,357	29%	101,254
Total operating revenues	27,181,870	22,692,705	(4,489,165)	(17)%	15,642,579
Operating expenses:					
Salaries and benefits	4,106,944	3,820,492	286,452	7%	3,977,860
Contractual services	2,343,884	2,049,691	294,193	13%	2,054,724
Safety and security	2,774,906	2,765,658	9,248	-	2,610,994
Space rental	852,563	860,016	(7,453)	(1)%	852,848
Utilities	1,131,068	1,059,471	71,597	6%	872,545
Maintenance	1,317,334	768,114	549,220	42%	677,651
Equipment and systems	32,092	10,842	21,250	66%	50,889
Materials and supplies	36,019	16,903	19,116	53%	73,184
Insurance	118,835	114,305	4,530	4%	99,064
Employee development and support	77,122	59,047	18,075	23%	70,926
Business development	96,310	37,641	58,669	61%	(14,274)
Equipment rentals and repairs	331,559	302,473	29,086	9%	477,577
Total operating expenses	13,218,636	11,864,653	1,353,983	10%	11,803,988
Depreciation	10,482,820	10,482,820	-	-	10,229,039
Operating income (loss)	3,480,414	345,232	(3,135,182)	(90)%	(6,390,448)
Nonoperating revenue (expenses):					
Passenger facility charges	3,008,102	3,288,337	280,235	9%	(1,267,310)
Customer facility charges (Rental Car Center)	2,851,162	1,595,082	(1,256,080)	(44)%	1,378,474
Federal Relief Grants	2,416,735	10,530,110	8,113,375	336%	-
Quieter Home Program	(308,479)	(761,771)	(453,292)	(147)%	(55,665)
Interest income	423,612	989,037	565,425	133%	1,633,532
BAB interest rebate	-	-	-	-	-
Interest expense	(7,219,172)	(6,848,761)	370,411	5%	(8,525,398)
Bond amortization costs	805,553	1,159,042	353,489	44%	1,226,373
Other nonoperating income (expenses)	(833)	(1,610,128)	(1,609,295)	-	3,603,219
Nonoperating revenue, net	1,976,680	8,340,948	6,364,268	322%	(2,006,775)
Change in net position before capital grant contributions	5,457,094	8,686,180	3,229,086	59%	(8,397,223)
Capital grant contributions	375,000	780,726	405,726	(108)%	346,995
Change in net position	\$ 5,832,094	\$ 9,466,906	\$ 3,634,812	(62)%	\$ (8,050,228)

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
For the Ten Months Ended April 30, 2021 and 2020
(Unaudited)

	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating revenues:					
Aviation revenue:					
Landing fees	\$ 28,085,041	\$ 24,901,772	\$ (3,183,269)	(11)%	\$ 36,660,708
Aircraft parking fees	8,912,656	8,568,467	(344,189)	(4)%	9,029,613
Building rentals	70,114,341	60,581,201	(9,533,140)	(14)%	88,562,110
CUPPS Support Charges	5,783,420	5,496,821	(286,599)	(5)%	7,662,091
Other aviation revenue	67,376	129,287	61,911	92%	142,570
Terminal rent non-airline	2,097,891	2,147,497	49,606	2%	2,043,070
Terminal concessions	16,792,030	22,497,306	5,705,276	34%	24,030,028
Terminal Concessions-Revenue Waived	-	(14,886,572)	(14,886,572)	-	-
Rental car license fees	16,736,434	20,828,102	4,091,668	24%	23,105,504
Rental car center cost recovery	1,219,811	1,603,682	383,871	31%	1,514,984
Rental Car-Revenue Waived	-	(11,203,478)	(11,203,478)	-	-
License fees other	2,577,435	2,557,485	(19,950)	(1)%	5,563,507
Parking revenue	16,615,344	16,084,763	(530,581)	(3)%	34,775,230
Ground transportation permits and citations	7,149,356	3,746,058	(3,403,298)	(48)%	13,985,921
Ground rentals	15,163,274	15,676,499	513,225	3%	16,193,859
Grant reimbursements	246,400	296,456	50,056	20%	252,276
Other operating revenue	875,488	1,074,723	199,235	23%	1,349,177
Total operating revenues	192,436,297	160,100,069	(32,336,228)	(17)%	264,870,648
Operating expenses:					
Salaries and benefits	42,508,901	40,391,956	2,116,945	5%	43,418,799
Contractual services	23,740,674	19,696,153	4,044,521	17%	33,844,492
Safety and security	28,033,084	28,238,913	(205,829)	(1)%	24,754,153
Space rental	8,504,925	8,524,930	(20,005)	-	8,505,224
Utilities	11,790,985	9,528,264	2,262,721	19%	10,895,176
Maintenance	10,005,272	7,484,267	2,521,005	25%	10,084,484
Equipment and systems	268,331	350,220	(81,889)	(31)%	286,865
Materials and supplies	511,340	362,943	148,397	29%	554,365
Insurance	1,320,818	1,288,409	32,409	2%	1,110,346
Employee development and support	663,799	353,728	310,071	47%	906,773
Business development	929,525	119,172	810,353	87%	1,507,161
Equipment rentals and repairs	2,962,628	2,712,272	250,356	8%	3,003,422
Total operating expenses	131,240,282	119,051,227	12,189,055	9%	138,871,260
Depreciation	106,517,829	106,517,829	-	-	103,163,075
Operating income (loss)	(45,321,814)	(65,468,987)	(20,147,173)	(44)%	22,836,313
Nonoperating revenue (expenses):					
Passenger facility charges	18,250,583	13,942,640	(4,307,943)	(24)%	33,520,812
Customer facility charges (Rental Car Center)	15,389,477	11,238,517	(4,150,960)	(27)%	29,189,788
Federal Relief Grants	47,045,900	64,856,516	17,810,616	38%	-
Quieter Home Program	(2,656,852)	(2,334,332)	322,520	12%	(2,513,512)
Interest income	6,757,608	11,412,404	4,654,796	69%	16,518,185
BAB interest rebate	-	-	-	-	2,089,397
Interest expense	(70,332,121)	(68,287,858)	2,044,263	3%	(72,290,501)
Bond amortization costs	8,151,764	11,736,846	3,585,082	44%	7,164,088
Other nonoperating income (expenses)	(18,333)	(8,354,646)	(8,336,313)	-	13,483,617
Nonoperating revenue, net	22,588,026	34,210,087	11,622,061	51%	27,161,874
Change in net position before capital grant contributions	(22,733,788)	(31,258,900)	(8,525,112)	(37)%	49,998,187
Capital grant contributions	10,162,499	9,518,435	(644,064)	(6)%	4,359,885
Change in net position	\$ (12,571,289)	(21,740,465)	\$ (9,169,176)	(73)%	\$ 54,358,072



San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the ten months ended April 30, 2021
(Unaudited)

Print Date: 5/10/2021
 Print Time: 11:57:58AM
 Report ID: GL0012

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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	\$3,842,418	\$3,344,979	\$(497,439)	(13)	\$3,350,255	\$28,085,041	\$24,988,235	\$(3,096,806)	(11)	\$36,816,550
41113 - Landing Fee Rebate	0	(8,567)	(8,567)	0	(17,760)	0	(86,463)	(86,463)	0	(155,842)
Total Landing Fees	3,842,418	3,336,412	(506,006)	(13)	3,332,495	28,085,041	24,901,772	(3,183,269)	(11)	36,660,708
Aircraft Parking Fees										
41160 - Aircraft Parking Position Rent	460,246	460,247	0	0	427,693	4,602,464	4,707,039	104,576	2	6,112,543
41162 - Parking Position Turn Fee	268,715	(73,143)	(341,858)	(127)	160,440	1,596,227	503,927	(1,092,300)	(68)	1,351,375
41165 - Overnight Parking Fee	383,437	357,709	(25,728)	(7)	268,331	2,713,965	3,357,501	643,536	24	1,565,695
Total Aircraft Parking Fees	1,112,398	744,812	(367,586)	(33)	856,465	8,912,655	8,568,467	(344,188)	(4)	9,029,613
Building and Other Rents										
41210 - Terminal Rent	10,095,009	9,115,627	(979,382)	(10)	5,082,401	68,800,032	60,215,643	(8,584,388)	(12)	85,394,590
41211 - Terminal Rent-Waived	0	(21,234)	(21,234)	0	0	0	(409,712)	(409,712)	0	0
41215 - Federal Inspection Services	185,491	39,360	(146,131)	(79)	201,396	1,314,309	775,270	(539,039)	(41)	3,167,520
Total Building and Other Rents	10,280,500	9,133,752	(1,146,748)	(11)	5,283,797	70,114,340	60,581,201	(9,533,139)	(14)	88,562,110
Security Surcharge										
41310 - Airside Security Charges	0	0	0	0	0	0	0	0	0	0
41320 - Terminal Security Charge	0	0	0	0	0	0	0	0	0	0
Total Security Surcharge	0	0	0	0	0	0	0	0	0	0
CUPPS Support Charges										
41400 - Common Use Fees	1,032,385	1,047,854	15,469	1	579,581	5,783,420	5,496,821	(286,600)	(5)	7,662,091
Total CUPPS Support Charges	1,032,385	1,047,854	15,469	1	579,581	5,783,420	5,496,821	(286,600)	(5)	7,662,091
Other Aviation										
43100 - Fuel Franchise Fees	13,452	18,716	5,264	39	8,067	67,376	138,127	70,751	105	142,570
43140 - Air Service Incentive Rebates	0	(8,840)	(8,840)	0	0	0	(8,840)	(8,840)	0	0
Total Other Aviation	13,452	9,876	(3,576)	(27)	8,067	67,376	129,287	61,911	92	142,570
Non-Airline Terminal Rents										
45010 - Terminal Rent - Non-Airline	208,515	221,691	13,176	6	208,909	2,097,891	2,147,497	49,606	2	2,043,070
Total Non-Airline Terminal Rents	208,515	221,691	13,176	6	208,909	2,097,891	2,147,497	49,606	2	2,043,070

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the ten months ended April 30, 2021
(Unaudited)

Print Date: 5/10/2021
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Report ID: GL0012

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Concession Revenue										
45111 - Term Concessions-Food & Bev	\$1,042,837	\$1,082,602	\$39,765	4	\$49,908	\$7,830,557	\$10,626,702	\$2,796,145	36	\$10,586,658
45112 - Terminal Concessions - Retail	633,345	640,744	7,399	1	32,281	4,743,384	6,209,866	1,466,482	31	6,085,260
45113 - Term Concessions - Other	208,874	310,695	101,821	49	401,667	1,598,915	3,014,640	1,415,725	89	3,475,478
45114 - Term Concessions Space Rents	85,551	77,535	(8,016)	(9)	81,716	852,833	809,197	(43,636)	(5)	841,402
45115 - Term Concessions Cost Recovery	110,808	69,526	(41,282)	(37)	1,355	775,656	766,425	(9,231)	(1)	1,322,003
45116 - Rec Distr Center Cost Recovery	107,034	88,221	(18,813)	(18)	576	749,238	894,639	145,401	19	1,216,838
45117 - Concessions Marketing Program	49,906	28,138	(21,768)	(44)	0	241,447	175,837	(65,610)	(27)	502,389
45119 - Term Concessions-Revenue Waived	0	(1,184,007)	(1,184,007)	0	0	0	(14,886,572)	(14,886,572)	0	0
45120 - Rental car license fees	2,206,469	2,194,906	(11,563)	(1)	1,829,094	16,736,434	20,828,102	4,091,668	24	23,105,504
45121 - Rental Car Center Cost Recover	174,259	160,368	(13,891)	(8)	0	1,219,811	1,603,682	383,871	31	1,514,984
45122 - Rental Car - Revenue Waived	0	(467,888)	(467,888)	0	0	0	(11,203,478)	(11,203,478)	0	0
45130 - License Fees - Other	480,220	334,139	(146,081)	(30)	522,437	2,577,435	3,167,021	589,586	23	5,563,507
45131 - License Fees Other Waiver	0	(41,161)	(41,161)	0	0	0	(609,536)	(609,536)	0	0
Total Concession Revenue	5,099,303	3,293,817	(1,805,485)	(35)	2,919,034	37,325,710	21,396,524	(15,929,186)	(43)	54,214,023
Parking and Ground Transportat										
45210 - Parking	2,646,293	2,443,997	(202,296)	(8)	458,067	16,615,344	16,084,763	(530,581)	(3)	34,775,230
45220 - AVI fees	1,223,214	510,363	(712,851)	(58)	424,505	6,944,187	3,523,306	(3,420,881)	(49)	13,567,850
45240 - Ground Transportation Pe	0	13,096	13,096	0	210	160,742	145,683	(15,059)	(9)	224,295
45250 - Citations	4,704	9,333	4,629	98	16,067	44,427	77,069	32,642	73	193,776
Total Parking and Ground Transportat	3,874,211	2,976,789	(897,422)	(23)	898,850	23,764,700	19,830,821	(3,933,879)	(17)	48,761,151
Ground Rentals										
45310 - Ground Rental Fixed - N	1,593,242	1,605,192	11,950	1	1,429,328	15,163,274	16,020,281	857,007	6	16,193,859
45311 - Ground Rental Fixed Waived	0	0	0	0	0	0	(769,148)	(769,148)	0	0
45325 - Fuel Lease Revenue	0	161,747	161,747	0	0	0	425,366	425,366	0	0
Total Ground Rentals	1,593,242	1,766,938	173,696	11	1,429,328	15,163,274	15,676,499	513,225	3	16,193,859
Grant Reimbursements										
45410 - TSA Reimbursements	24,800	30,757	5,957	24	24,800	246,400	296,456	50,056	20	244,000
45420 - Planning Grants	0	0	0	0	0	0	0	0	0	8,276
Total Grant Reimbursements	24,800	30,757	5,957	24	24,800	246,400	296,456	50,056	20	252,276

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the ten months ended April 30, 2021
(Unaudited)

Print Date: 5/10/2021
Print Time: 11:57:58AM
Report ID: GL0012

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Other Operating Revenue										
45510 - Finger Printing Fee	\$15,354	\$12,542	\$(2,812)	(18)	\$3,901	\$87,397	\$88,034	\$637	1	\$168,241
45520 - Utilities Reimbursements	17,176	17,391	215	1	16,676	167,260	167,477	217	0	166,849
45530 - Miscellaneous Other Reve	4,274	2,323	(1,951)	(46)	(1,374)	42,740	23,688	(19,052)	(45)	143,930
45535 - Innovation Lab Revenue	0	0	0	0	0	0	0	0	0	600
45540 - Service Charges	7,314	26,717	19,403	265	29,900	73,139	241,047	167,908	230	239,244
45550 - Telecom Services	40,825	37,250	(3,575)	(9)	40,999	408,250	357,772	(50,478)	(12)	415,746
45570 - FBO Landing Fees	14,545	33,784	19,239	132	9,991	92,062	196,705	104,643	114	209,927
45580 - Equipment Rental	1,160	1,160	0	0	1,160	4,640	4,640	0	0	4,640
45599 - Other Operating Rev Waived	0	(1,160)	(1,160)	0	0	0	(4,640)	(4,640)	0	0
Total Other Operating Revenue	100,648	130,007	29,359	29	101,253	875,488	1,074,723	199,235	23	1,349,177
Total Operating Revenue	27,181,872	22,692,707	(4,489,165)	(17)	15,642,579	192,436,296	160,100,067	(32,336,228)	(17)	264,870,648
Personnel Expenses										
Salaries										
51110 - Salaries & Wages	2,844,581	2,303,054	541,527	19	2,473,749	29,980,290	25,179,719	4,800,571	16	25,812,316
51210 - Paid Time Off	29,167	232,385	(203,219)	(697)	157,791	291,667	2,523,654	(2,231,987)	(765)	2,950,941
51220 - Holiday Pay	0	58,454	(58,454)	0	59,504	0	653,542	(653,542)	0	699,340
51240 - Other Leave With Pay	0	29,017	(29,017)	0	84,000	0	343,861	(343,861)	0	171,043
51250 - Special Pay	0	2,000	(2,000)	0	8,962	0	117,407	(117,407)	0	200,241
Total Salaries	2,873,747	2,624,911	248,837	9	2,784,006	30,271,957	28,818,183	1,453,774	5	29,833,880
52110 - Overtime	54,757	35,363	19,394	35	23,800	551,273	345,309	205,964	37	691,827

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
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Benefits										
54110 - FICA Tax	\$221,799	\$195,922	\$25,878	12	\$205,225	\$2,258,695	\$2,089,929	\$168,766	7	\$2,171,969
54120 - Unemployment Insurance-S	0	0	0	0	0	0	39,266	(39,266)	0	11,385
54130 - Workers Compensation Ins	23,220	13,075	10,145	44	13,005	230,930	128,882	102,048	44	151,413
54135 - Workers Comp Incident Expense	0	12,387	(12,387)	0	25,188	0	60,877	(60,877)	0	102,394
54210 - Medical Insurance	440,612	326,885	113,727	26	378,541	4,252,810	3,704,949	547,862	13	3,839,086
54220 - Dental Insurance	29,152	20,983	8,169	28	26,491	284,790	241,320	43,470	15	269,519
54230 - Vision Insurance	3,400	3,084	316	9	3,236	34,000	31,703	2,297	7	33,064
54240 - Life Insurance	7,709	5,287	2,422	31	7,393	76,943	65,085	11,857	15	73,858
54250 - Short Term Disability	13,686	12,522	1,164	9	13,222	136,551	128,191	8,360	6	125,689
54310 - Retirement	808,496	803,882	4,614	1	760,525	8,278,764	8,192,802	85,962	1	7,843,798
54312 - Pension - GASB 68	0	0	0	0	0	0	0	0	0	2,057,058
54315 - Retiree Health Benefits	63,850	78,345	(14,495)	(23)	13,615	638,500	778,089	(139,589)	(22)	127,765
54410 - Taxable Benefits	0	0	0	0	0	0	21,923	(21,923)	0	16,558
54430 - Accrued Vacation	0	111,943	(111,943)	0	123,873	0	576,790	(576,790)	0	276,996
Total Benefits	1,611,923	1,584,314	27,609	2	1,570,315	16,191,982	16,059,807	132,176	1	17,100,551
Cap Labor/Burden/OH Recharge										
54510 - Capitalized Labor Recha	(391,694)	(215,704)	(175,990)	(45)	(244,224)	(4,070,491)	(2,640,544)	(1,429,947)	(35)	(2,575,721)
54515 - Capitalized Burden Rech	0	(159,398)	159,398	0	(107,952)	0	(1,710,164)	1,710,164	0	(1,129,082)
Total Cap Labor/Burden/OH Recharge	(391,694)	(375,102)	(16,591)	(4)	(352,175)	(4,070,491)	(4,350,708)	280,217	7	(3,704,803)
QHP Labor/Burden/OH Recharge										
54520 - QHP Labor Recharge	(41,792)	(21,579)	(20,213)	(48)	(20,932)	(435,823)	(244,944)	(190,879)	(44)	(242,626)
54525 - QHP Burden Recharge	0	(8,580)	8,580	0	(10,043)	0	(105,896)	105,896	0	(115,524)
54526 - QHP OH Contra Acct	0	(18,835)	18,835	0	(17,368)	0	(129,460)	129,460	0	(130,776)
Total QHP Labor/Burden/OH Recharge	(41,792)	(48,994)	7,202	17	(48,343)	(435,823)	(480,299)	44,477	10	(488,925)
MM&JS Labor/Burden/OH Recharge										
54530 - MM & JS Labor Recharge	0	0	0	0	259	0	(336)	336	0	(13,731)
Total MM&JS Labor/Burden/OH Recharge	0	0	0	0	259	0	(336)	336	0	(13,731)
Total Personnel Expenses	4,106,942	3,820,492	286,451	7	3,977,860	42,508,898	40,391,956	2,116,943	5	43,418,800
Non-Personnel Expenses										

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the ten months ended April 30, 2021
(Unaudited)

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Print Time: 11:57:58AM
Report ID: GL0012

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Contract Services										
61100 - Temporary Staffing	\$12,765	\$27,441	\$(14,676)	(115)	\$11,092	\$111,425	\$235,262	\$(123,837)	(111)	\$442,086
61110 - Auditing Services	2,000	0	2,000	100	(945)	121,800	111,981	9,819	8	142,610
61120 - Legal Services	34,000	111,439	(77,439)	(228)	37,556	530,000	462,752	67,248	13	198,587
61130 - Services - Professional	487,181	538,695	(51,514)	(11)	437,837	5,598,372	4,856,258	742,114	13	6,831,458
61150 - Outside Svs - Other	292,300	179,931	112,369	38	203,716	2,858,433	1,906,517	951,915	33	3,399,972
61160 - Services - Custodial	1,402,269	1,099,415	302,854	22	1,224,322	13,407,344	11,192,665	2,214,678	17	21,420,508
61190 - Receiving & Dist Cntr Services	113,369	92,770	20,600	18	141,147	1,113,300	930,718	182,582	16	1,409,272
Total Contract Services	2,343,885	2,049,690	294,194	13	2,054,725	23,740,673	19,696,153	4,044,519	17	33,844,492
Safety and Security										
61170 - Services - Fire, Police,	608,835	632,895	(24,060)	(4)	538,190	6,281,177	5,766,893	514,284	8	5,809,145
61180 - Services - SDUPD-Harbor	1,617,478	1,674,710	(57,233)	(4)	1,530,732	16,907,829	17,865,050	(957,221)	(6)	13,718,597
61185 - Guard Services	352,804	308,243	44,561	13	350,093	3,412,240	3,156,894	255,346	7	3,822,442
61188 - Other Safety & Security Serv	195,789	149,810	45,979	23	191,978	1,431,838	1,450,076	(18,238)	(1)	1,403,969
Total Safety and Security	2,774,906	2,765,658	9,248	0	2,610,994	28,033,084	28,238,913	(205,829)	(1)	24,754,153
Space Rental										
62100 - Rent	852,563	860,016	(7,454)	(1)	852,848	8,504,925	8,524,930	(20,005)	0	8,505,224
Total Space Rental	852,563	860,016	(7,454)	(1)	852,848	8,504,925	8,524,930	(20,005)	0	8,505,224
Utilities										
63100 - Telephone & Other Commun	54,815	35,063	19,752	36	43,706	547,910	452,744	95,166	17	427,566
63110 - Utilities - Gas & Electr	974,953	968,776	6,177	1	787,542	10,203,122	8,597,835	1,605,287	16	9,534,877
63120 - Utilities - Water	101,301	55,632	45,669	45	41,297	1,039,953	477,685	562,268	54	932,733
Total Utilities	1,131,069	1,059,471	71,598	6	872,546	11,790,985	9,528,263	2,262,722	19	10,895,177
Maintenance										
64100 - Facilities Supplies	63,600	48,861	14,739	23	47,499	597,700	455,495	142,205	24	590,516
64110 - Maintenance - Annual R	1,151,068	679,374	471,694	41	625,717	8,229,405	6,198,596	2,030,809	25	7,832,161
64125 - Major Maintenance - Mat	61,000	38,422	22,578	37	0	761,500	394,115	367,385	48	1,247,506
64140 - Refuse & Hazardous Waste	41,667	1,457	40,210	97	4,435	416,667	436,060	(19,393)	(5)	414,301
Total Maintenance	1,317,334	768,114	549,220	42	677,651	10,005,271	7,484,267	2,521,005	25	10,084,484
Equipment and Systems										
65100 - Equipment & Systems	32,092	10,842	21,250	66	50,889	268,331	350,220	(81,889)	(31)	286,865
Total Equipment and Systems	32,092	10,842	21,250	66	50,889	268,331	350,220	(81,889)	(31)	286,865

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Materials and Supplies										
65110 - Office & Operating Suppl	\$24,216	\$12,000	\$12,216	50	\$49,603	\$383,599	\$222,831	\$160,767	42	\$391,389
65120 - Safety Equipment & Suppl	7,803	4,903	2,900	37	23,028	90,741	125,693	(34,952)	(39)	138,669
65130 - Tools - Small	4,000	0	4,000	100	553	37,000	14,418	22,582	61	24,307
Total Materials and Supplies	36,019	16,903	19,116	53	73,184	511,340	362,943	148,397	29	554,365
Insurance										
67170 - Insurance - Property	74,133	72,917	1,216	2	58,335	741,326	729,167	12,159	2	583,348
67171 - Insurance - Liability	15,639	14,958	680	4	13,599	156,386	149,583	6,802	4	135,988
67172 - Insurance - Public Offic	16,269	14,491	1,778	11	15,494	163,889	144,913	18,976	12	156,142
67173 - Insurance Miscellaneous	12,795	11,939	856	7	11,636	259,217	264,745	(5,527)	(2)	234,868
Total Insurance	118,835	114,305	4,529	4	99,063	1,320,818	1,288,407	32,411	2	1,110,344
Employee Development and Suppo										
66120 - Awards - Service	21,880	31,000	(9,120)	(42)	28,578	54,231	64,450	(10,219)	(19)	71,703
66130 - Book & Periodicals	4,145	459	3,685	89	3,230	41,834	17,456	24,378	58	47,225
66220 - Permits/Certificates/Lic	242	1,617	(1,375)	(568)	50	121,120	65,298	55,822	46	80,417
66260 - Recruiting	2,125	4,075	(1,950)	(92)	3,175	5,500	7,595	(2,095)	(38)	24,605
66280 - Seminars & Training	18,517	5,895	12,622	68	11,342	151,510	32,401	119,109	79	260,528
66290 - Transportation	11,743	9,855	1,888	16	9,977	117,483	97,166	20,318	17	112,589
66305 - Travel-Employee Developm	6,046	0	6,046	100	10,934	45,548	(3,377)	48,925	107	213,299
66310 - Tuition	4,333	849	3,484	80	599	43,333	17,166	26,167	60	28,588
66320 - Uniforms	8,091	5,297	2,794	35	3,041	83,240	55,573	27,667	33	67,819
Total Employee Development and Suppo	77,122	59,046	18,075	23	70,926	663,800	353,728	310,072	47	906,772
Business Development										
66100 - Advertising	1,617	321	1,296	80	(37,515)	17,753	6,144	11,610	65	279,565
66110 - Allowance for Bad Debts	0	0	0	0	0	7,500	(279,981)	287,481	3,833	(888)
66200 - Memberships & Dues	27,266	26,064	1,202	4	13,668	342,191	290,980	51,212	15	337,088
66230 - Postage & Shipping	1,194	2,158	(964)	(81)	5,064	13,602	13,056	546	4	20,208
66240 - Promotional Activities	58,383	2,908	55,475	95	3,789	463,450	82,753	380,697	82	721,669
66250 - Promotional Materials	1,112	6,190	(5,078)	(457)	(69)	22,382	8,520	13,861	62	31,164
66300 - Travel-Business Developm	6,739	0	6,739	100	790	62,647	(2,300)	64,947	104	118,355
Total Business Development	96,312	37,642	58,669	61	(14,272)	929,525	119,171	810,354	87	1,507,161

San Diego County Regional Airport Authority
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(Unaudited)

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	Month to Date					Year to Date				
	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
Equipment Rentals and Repairs										
66140 - Computer Licenses & Agre	\$33,201	\$106,128	\$(72,927)	(220)	\$11,601	\$665,486	\$711,795	\$(46,308)	(7)	\$376,264
66150 - Equipment Rental/Leasing	11,850	12,131	(281)	(2)	20,619	187,803	49,706	138,097	74	209,872
66160 - Tenant Improvements	20,400	15,182	5,218	26	59,836	299,200	222,964	76,236	25	606,131
66270 - Repairs - Office Equipme	266,108	169,032	97,076	36	385,521	1,810,139	1,727,807	82,332	5	1,811,155
Total Equipment Rentals and Repairs	331,560	302,473	29,087	9	477,577	2,962,629	2,712,272	250,357	8	3,003,421
Total Non-Personnel Expenses	9,111,695	8,044,162	1,067,533	12	7,826,130	88,731,381	78,659,268	10,072,113	11	95,452,458
Total Departmental Expenses before	13,218,637	11,864,654	1,353,984	10	11,803,990	131,240,279	119,051,223	12,189,056	9	138,871,258
Depreciation and Amortization										
69110 - Depreciation Expense	10,482,820	10,482,820	0	0	10,229,039	106,517,829	106,517,829	0	0	103,163,075
Total Depreciation and Amortization	10,482,820	10,482,820	0	0	10,229,039	106,517,829	106,517,829	0	0	103,163,075
Non-Operating Revenue/(Expense)										
Passenger Facility Charges										
71110 - Passenger Facility Charg	3,008,102	3,288,337	280,235	9	(1,267,310)	18,250,583	13,942,640	(4,307,943)	(24)	33,520,812
Total Passenger Facility Charges	3,008,102	3,288,337	280,235	9	(1,267,310)	18,250,583	13,942,640	(4,307,943)	(24)	33,520,812
Customer Facility Charges										
71120 - Customer facility charges (Con	2,851,162	1,595,082	(1,256,080)	(44)	1,378,474	15,389,477	11,238,517	(4,150,960)	(27)	29,189,788
Total Customer Facility Charges	2,851,162	1,595,082	(1,256,080)	(44)	1,378,474	15,389,477	11,238,517	(4,150,960)	(27)	29,189,788
Federal Relief Grants										
71130 - Federal Relief Grants	2,416,735	10,530,110	8,113,375	336	0	47,045,900	64,856,516	17,810,616	38	0
Total Federal Relief Grants	2,416,735	10,530,110	8,113,375	336	0	47,045,900	64,856,516	17,810,616	38	0
Quieter Home Program										
71212 - Quieter Home - Labor	(45,800)	(21,579)	24,221	53	(21,116)	(458,400)	(245,766)	212,634	46	(243,078)
71213 - Quieter Home - Burden	0	(8,580)	(8,580)	0	(10,043)	0	(105,896)	(105,896)	0	(115,524)
71214 - Quieter Home - Overhead	0	(18,835)	(18,835)	0	(17,368)	0	(129,460)	(129,460)	0	(128,858)
71215 - Quieter Home - Material	(1,454,927)	(1,707,486)	(252,559)	(17)	(606,935)	(12,409,197)	(10,367,730)	2,041,467	16	(11,982,947)
71216 - Quieter Home Program	1,200,581	994,709	(205,872)	(17)	599,797	10,294,078	8,514,520	(1,779,558)	(17)	9,956,895
71225 - Joint Studies - Material	(8,333)	0	8,333	100	0	(83,333)	0	83,333	100	0
Total Quieter Home Program	(308,479)	(761,771)	(453,292)	(147)	(55,665)	(2,656,852)	(2,334,331)	322,521	12	(2,513,512)

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Interest Income										
71310 - Interest - Investments	\$298,158	\$653,385	\$355,226	119	\$967,208	\$5,449,540	\$7,496,251	\$2,046,711	38	\$10,058,368
71330 - Interest - Variable Debt	0	0	0	0	0	0	104,203	104,203	0	0
71340 - Interest - Note Receivab	125,454	125,454	0	0	134,924	1,308,068	1,308,068	0	0	1,406,470
71350 - Interest - Other	0	(693)	(693)	0	(909)	0	120,346	120,346	0	(2,869)
71361 - Interest Income - 2010 Bonds	0	0	0	0	(72,165)	0	(140,938)	(140,938)	0	823,505
71363 - Interest Income - 2013 Bonds	0	24,598	24,598	0	56,337	0	286,664	286,664	0	673,803
71364 - Interest Income - 2017 Bond A	0	10,906	10,906	0	138,535	0	133,449	133,449	0	1,552,800
71365 - Interest Income - 2014 Bond A	0	24,575	24,575	0	58,347	0	283,671	283,671	0	704,707
71366 - Interest Income - 2019A Bond	0	111,776	111,776	0	351,256	0	1,583,320	1,583,320	0	1,301,401
71367 - Interest Income - 2020A Bond	0	39,036	39,036	0	0	0	237,370	237,370	0	0
Total Interest Income	423,612	989,036	565,424	133	1,633,534	6,757,608	11,412,403	4,654,795	69	16,518,185
Interest income BAB's rebate										
71362 - BAB interest rebate	0	0	0	0	0	0	0	0	0	2,089,397
Total Interest income BAB's rebate	0	0	0	0	0	0	0	0	0	2,089,397
Interest Expense										
71411 - Interest Expense- 2010 Bonds	0	0	0	0	(1,250,395)	0	0	0	0	(18,847,975)
71412 - Interest Expense 2013 Bonds	(1,473,758)	(1,473,758)	0	0	(1,506,779)	(14,737,583)	(14,737,583)	0	0	(15,067,792)
71413 - Interest Expense 2014 Bond A	(1,318,995)	(1,318,995)	0	0	(1,335,732)	(13,189,950)	(13,189,950)	0	0	(13,357,324)
71414 - Interest Expense 2017 Bond A	(1,154,104)	(1,154,104)	0	0	(1,174,208)	(11,541,042)	(11,541,042)	0	0	(11,742,083)
71415 - Interest Exp 2019A Bond	(1,857,675)	(1,857,675)	0	0	(1,864,870)	(18,576,749)	(18,576,750)	(1)	0	(8,689,066)
71416 - Interest Expense 2020A Bond	(1,003,417)	(1,003,417)	0	0	(729,555)	(10,034,167)	(10,034,167)	0	0	(729,555)
71420 - Interest Expense-Variable Debt	(330,706)	0	330,706	100	(15,058)	(1,114,544)	0	1,114,544	100	(513,562)
71430 - LOC Fees - C/P	(32,241)	0	32,241	100	(38,445)	(128,963)	0	128,963	100	(439,794)
71450 - Trustee Fee Bonds	0	(2,120)	(2,120)	0	0	(17,933)	(6,520)	11,413	64	(3,270)
71451 - Program Fees - Variable Debt	(417)	0	417	100	0	(4,167)	0	4,167	100	0
71460 - Interest Expense - Other	0	9,168	9,168	0	(560,297)	(500,000)	285,177	785,177	157	(2,391,799)
71461 - Interest Expense - Cap Leases	(47,860)	(47,860)	0	0	(50,059)	(487,023)	(487,023)	0	0	(508,281)
Total Interest Expense	(7,219,172)	(6,848,762)	370,411	5	(8,525,399)	(70,332,121)	(68,287,857)	2,044,264	3	(72,290,501)
Amortization										
69210 - Amortization - Premium	805,553	1,159,042	353,489	44	1,226,373	8,151,764	11,736,846	3,585,082	44	7,164,088
Total Amortization	805,553	1,159,042	353,489	44	1,226,373	8,151,764	11,736,846	3,585,082	44	7,164,088

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	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
Other Non-Operating Income (Expense)										
71510 - Legal Settlement Income	\$(833)	\$0	\$833	100	\$0	\$(8,333)	\$127	\$8,460	102	\$1,082,508
71520 - Fixed Asset Disposal-Gain	0	0	0	0	0	0	0	0	0	4,000
71530 - Gain/Loss On Investments	0	(1,620,963)	(1,620,963)	0	3,600,607	0	(8,416,551)	(8,416,551)	0	12,020,709
71540 - Discounts Earned	0	0	0	0	0	0	5,360	5,360	0	6,093
71610 - Legal Settlement Expense	0	0	0	0	0	(10,000)	(60,814)	(50,814)	(508)	(10,000)
71620 - Other non-operating revenue (e	0	10,835	10,835	0	2,613	0	117,232	117,232	0	355,975
71630 - Other Non-Operating Expe	0	0	0	0	(1)	0	0	0	0	(2)
73300 - DMJM and Auth OH Clearin	0	0	0	0	0	0	0	0	0	24,334
Total Other Non-Operating Income (Expense)	(833)	(1,610,128)	(1,609,294)	193,116)	3,603,219	(18,333)	(8,354,647)	(8,336,314)	(45,471)	13,483,616
Total Non-Operating Revenue/(Expense)	1,976,680	8,340,947	6,364,267	322	2,006,773	22,588,025	34,210,086	11,622,060	51	(27,161,873)
Capital Grant Contribution										
72100 - AIP Grants	375,000	780,726	405,726	108	346,995	10,162,499	9,518,435	(644,064)	(6)	4,359,885
Total Capital Grant Contribution	375,000	780,726	405,726	108	346,995	10,162,499	9,518,435	(644,064)	(6)	4,359,885
Total Expenses Net of Non-Operating Revenue/ (Expense)	21,349,778	13,225,801	8,123,977	38	23,692,807	205,007,585	181,840,532	23,167,053	11	210,512,576
Net Income/(Loss)	5,832,094	9,466,906	3,634,812	62	(8,050,228)	(12,571,289)	(21,740,465)	(9,169,176)	(73)	54,358,072
Equipment Outlay										
73200 - Equipment Outlay Expendi	0	(48,302)	(48,302)	0	(114,371)	(172,940)	(287,078)	(114,138)	(66)	(369,666)
73299 - Capitalized Equipment Co	0	48,302	48,302	0	114,371	0	287,078	287,078	0	369,666
Total Equipment Outlay	0	0	0	0	0	(172,940)	0	172,940	100	0

Review of the Unaudited Financial Statements for the Ten Months Ended April 30, 2021 and 2020

Presented by:
Scott Brickner
Chief Financial Officer

May 24, 2021

Market Commentary

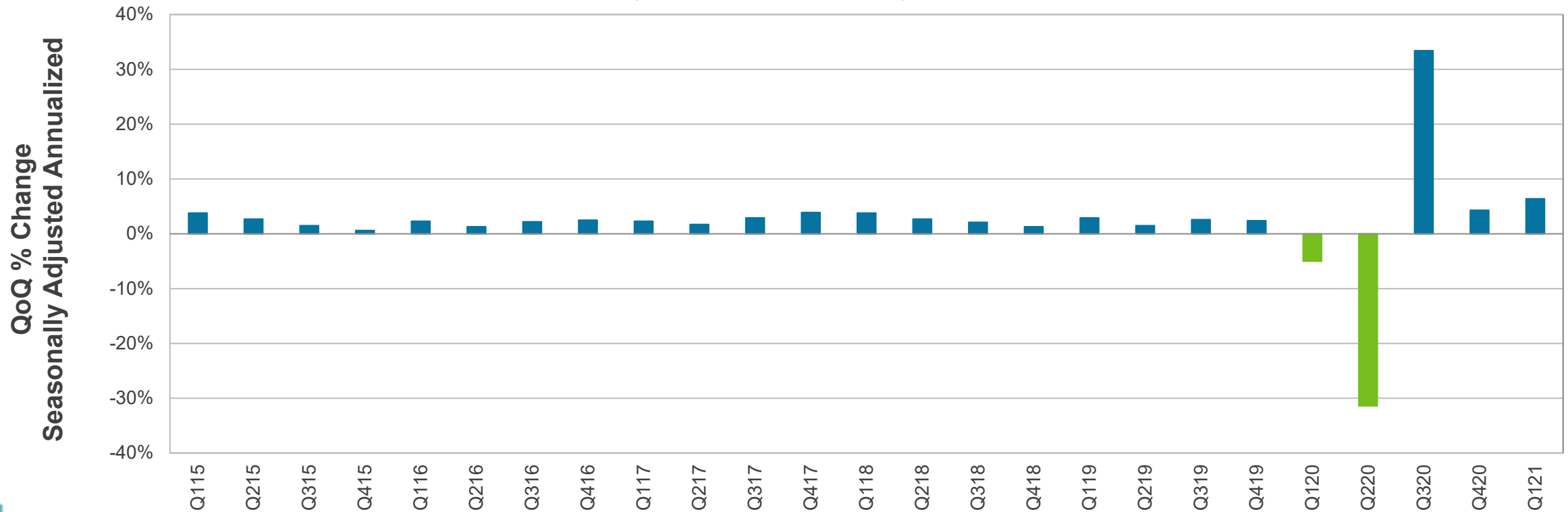
We believe accommodative monetary policy, robust fiscal spending, and continued progress on vaccine distribution will provide meaningful tailwinds for the economy in the coming quarters. The vaccine rollout has been faster than expected and more than 30% of the US population is now fully vaccinated, and more than 45% have received at least one dose. Restaurant and bar sales accelerated in March and travel-related spending has started to rebound as the economy reopens. Despite significant progress on the vaccine rollout in the US, and largely better than expected economic data and corporate earnings, the Biden administration continues to push forward with large-scale fiscal spending proposals. President Biden recently proposed plans for more than \$4 trillion in new fiscal spending, which would be in addition to the roughly \$5.5 trillion in pandemic-related fiscal spending that has already been approved since early last year. We expect some version of an infrastructure spending bill to come to fruition later this year. Meanwhile, the Fed has indicated that it plans to keep the fed funds rate near zero until at least 2023. Estimates for US gross domestic product (GDP) growth this year are strong. The current Bloomberg consensus estimate for 2021 US GDP growth is 6.3%.

The Federal Open Market Committee kept their target fed funds rate and asset purchase program unchanged in April, as expected. The fed funds target rate remains in the range of 0.0% to 0.25%, and the Fed continues to purchase \$80 billion of Treasuries per month, and \$40 billion of agency mortgage-backed securities per month. During his press conference, Fed Chair Powell reiterated that the economy is still a long way from reaching their employment and inflation goals and it is too soon to begin discussing tapering asset purchases. The Fed believes that some parts of the economy will not be able to fully recover until the pandemic is decisively over. Chair Powell also reiterated that near term inflationary pressures are likely to be temporary. Although inflation rates are expected to increase over the next few months, the Fed is not signaling any near-term changes to monetary policy and plans to remain accommodative.

First Quarter GDP

US economic growth accelerated in the first quarter. According to the advance estimate, real US gross domestic product (GDP) grew at an annualized rate of 6.4% in the first quarter (slightly below the upwardly revised 6.7% consensus estimate), following 4.3% growth in the fourth quarter of 2020. Economic growth is expected to accelerate even further in the current quarter to an annualized rate of 8.1%. The consensus forecast for full year 2021 US gross domestic product growth is 6.3%, following a 3.5% decline in 2020.

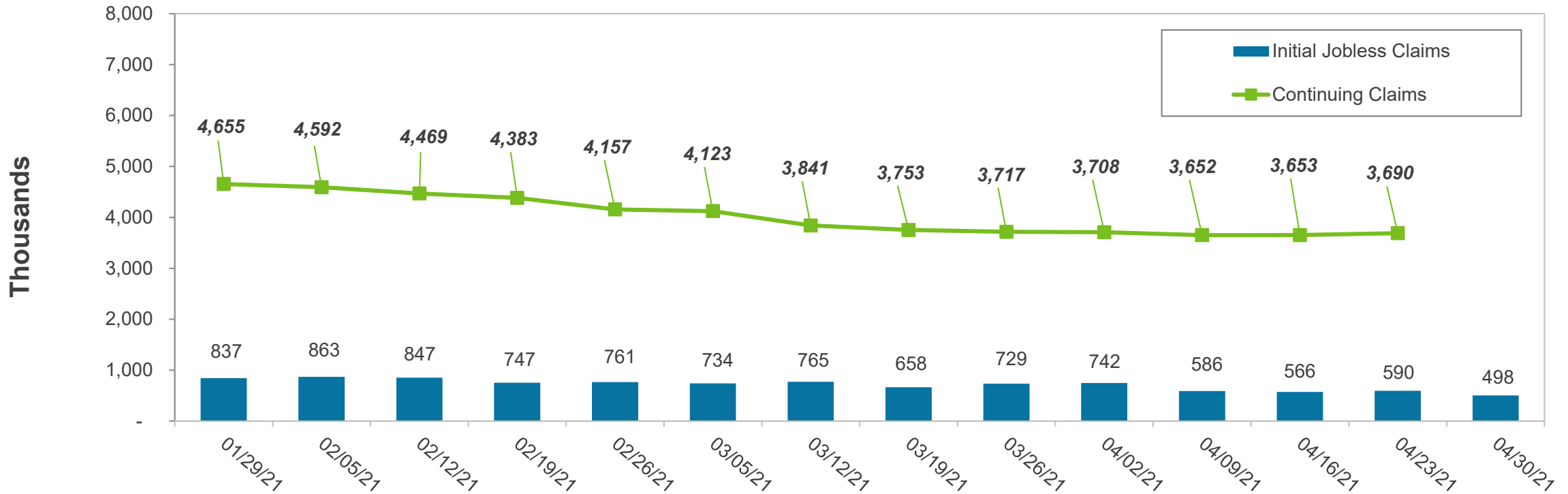
U.S. Gross Domestic Product (QoQ)
First Quarter 2015 – First Quarter 2021



Initial Claims For Unemployment

In the most recent week, the number of initial jobless claims declined to 498,000 versus 590,000 in the prior week. The level of continuing unemployment claims (where the data is lagged by one week) was fairly stable at 3.690 million versus 3.653 million in the prior week. Although continuing jobless claims are much lower than the peak of nearly 25 million last May, they remained above the 2019 (pre-pandemic) average of 1.7 million.

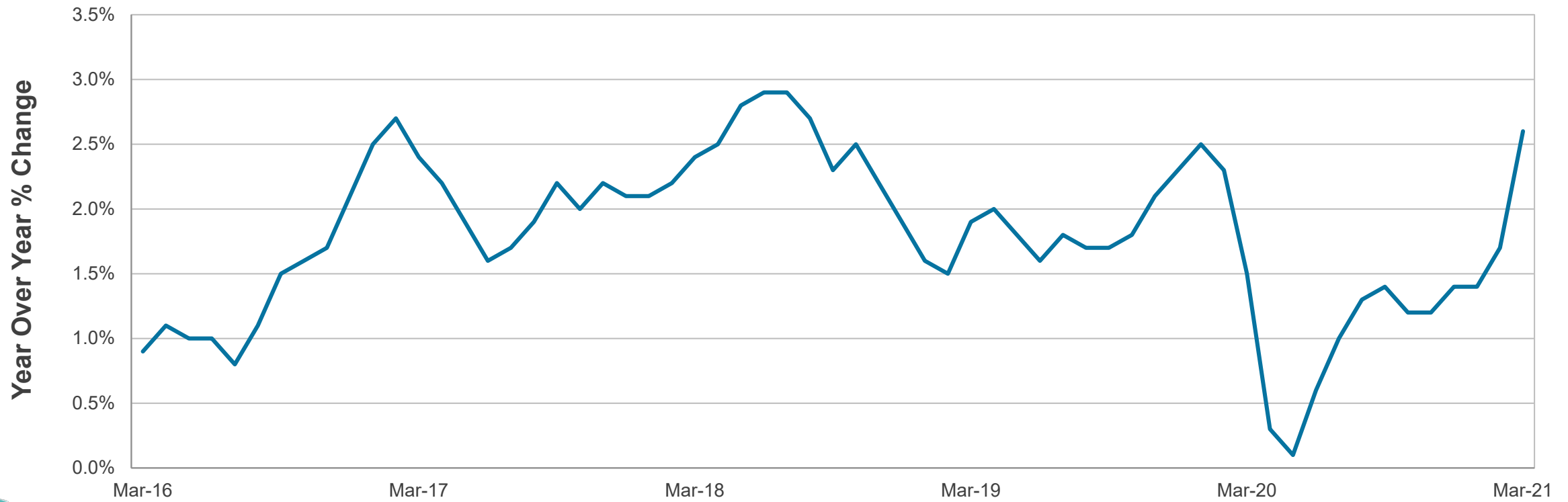
Initial Jobless Claims and 4-Week Moving Average
January 29, 2021 – April 30, 2021



Consumer Price Index

The Consumer Price Index (CPI) was up 2.6% year-over-year in March, versus up 1.7% year-over-year in February. The increase in March was driven by higher energy prices and the base effects of deflationary pressures in the initial stage of the pandemic last year. Core CPI (CPI less food and energy) was up just 1.6% year-over-year in March, versus up 1.3% in February. Although inflation ticked higher in March, core inflation remains below the Fed's target. Over the near-term, the Fed expects “base effects” (i.e., comparing current prices to prices at the early stage of the pandemic when prices were under pressure) will add about 1.0% to headline inflation and 0.7% to core inflation readings. The base effects are expected to dissipate in a few months. Bottlenecks and supply chain disruptions are likely to add to inflation in the near-term as well.

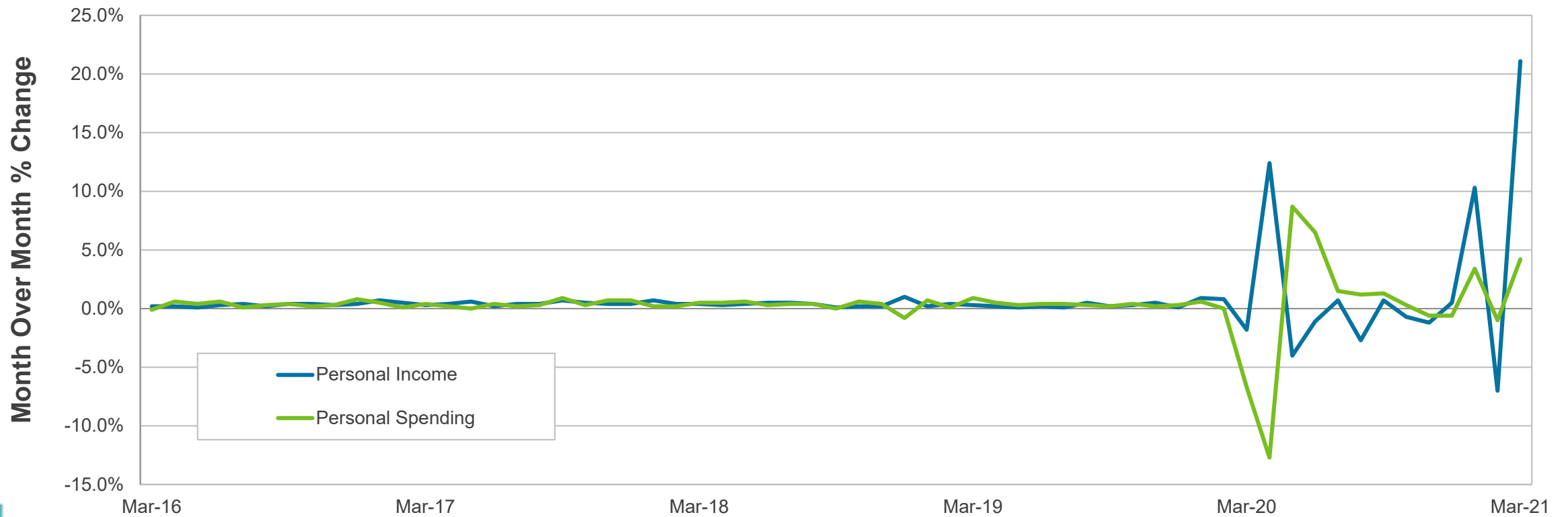
Consumer Price Index (YoY%)
March 2016 – March 2021



Personal Income and Spending

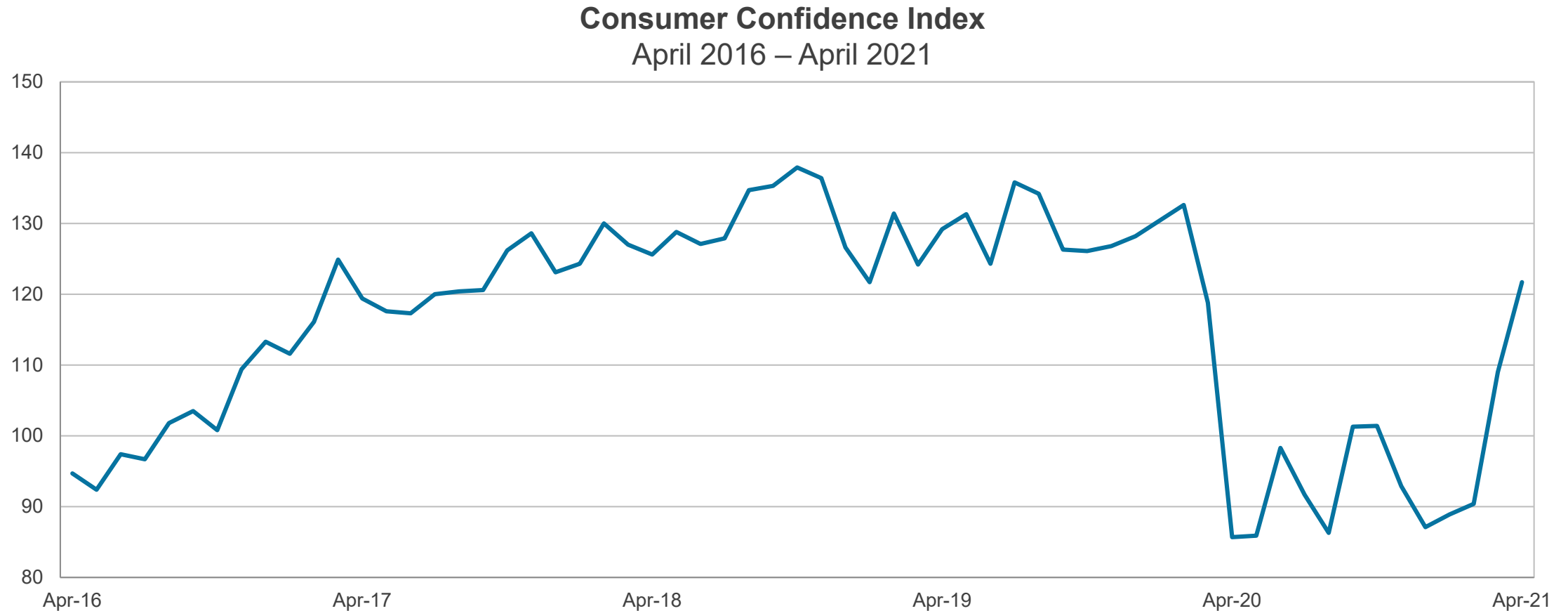
Personal income jumped 21.1% in March, fueled by government stimulus, following a 7.0% decline in February. Meanwhile, consumer spending rose 4.2% in March after a 1.0% decrease in February. Income and spending levels have been volatile due to the uneven timing of government stimulus and pandemic-related unemployment benefits.

Personal Income and Spending (MoM%)
March 2016 – March 2021



Consumer Confidence Index

The Consumer Confidence index jumped to 121.7 in April from 109.0 in March, which bodes well for consumer spending results for April.



Existing Home Sales

Existing home sales declined 3.7% in March to a seasonally adjusted rate of 6.010 million units. On a year-over-year basis, sales of existing homes were up 12.3% in March. Existing home sales hit a peak in October and have since begun easing. Rising mortgage rates seem to be letting some of the steam out of the housing market. We believe tight inventory and firm pricing has also been a headwind for home sales in recent months.

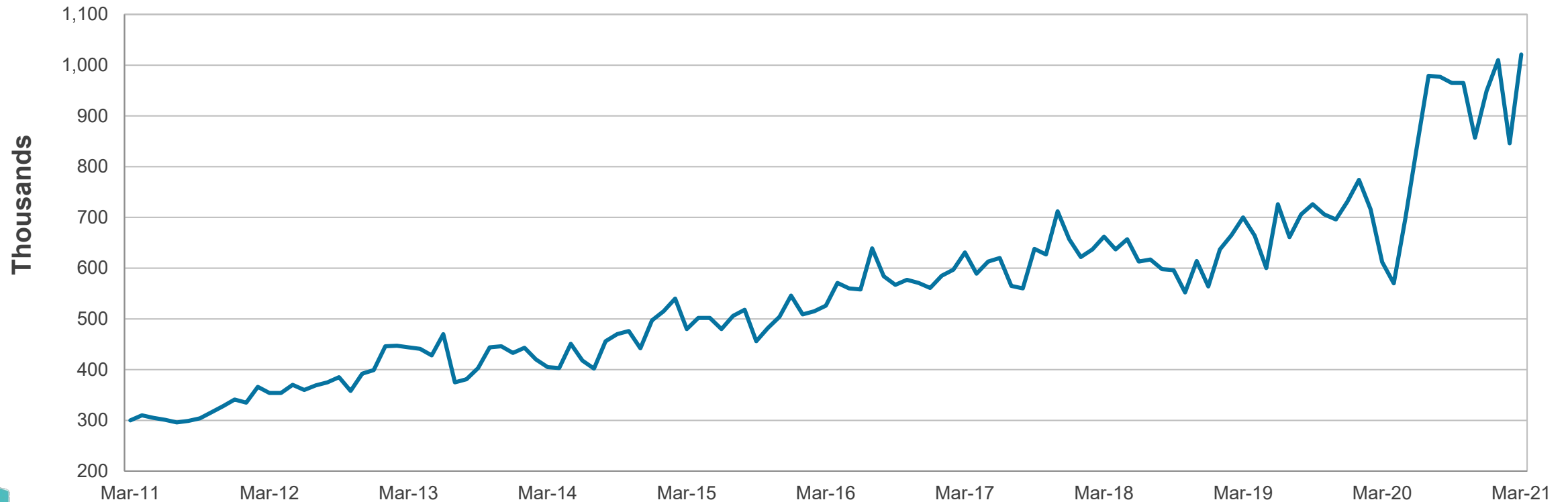
U.S. Existing Home Sales (MoM)
March 2011 – March 2021



New Home Sales

New home sales surged 20.7% in March to an annualized rate of 1,021,000 units. Compared with the same month last year, which is arguably an easy comparison due to pandemic-related lockdowns, the pace of new home sales was up 67% in March. New home sales remain robust.

U.S. New Home Sales
March 2011 – March 2021

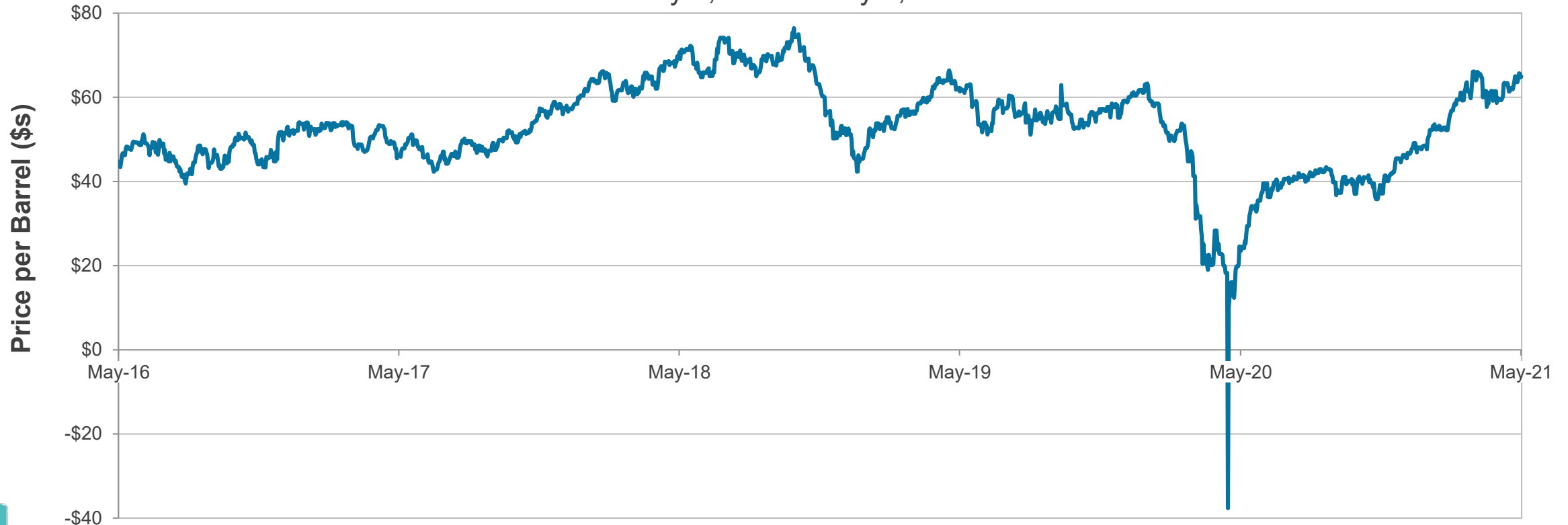


Crude Oil Prices

U.S. West Texas Intermediate (WTI) crude settled at \$64.90 per barrel on May 7th. It is above its one month average of \$63.10 and its one year average of \$46.81. In early April, OPEC and its allies decided to gradually curb production cuts beginning in May. We believe the decision to curb production cuts signals confidence in the strength of upcoming demand.

West Texas Intermediate Oil Price Per Barrel (WTI Spot)

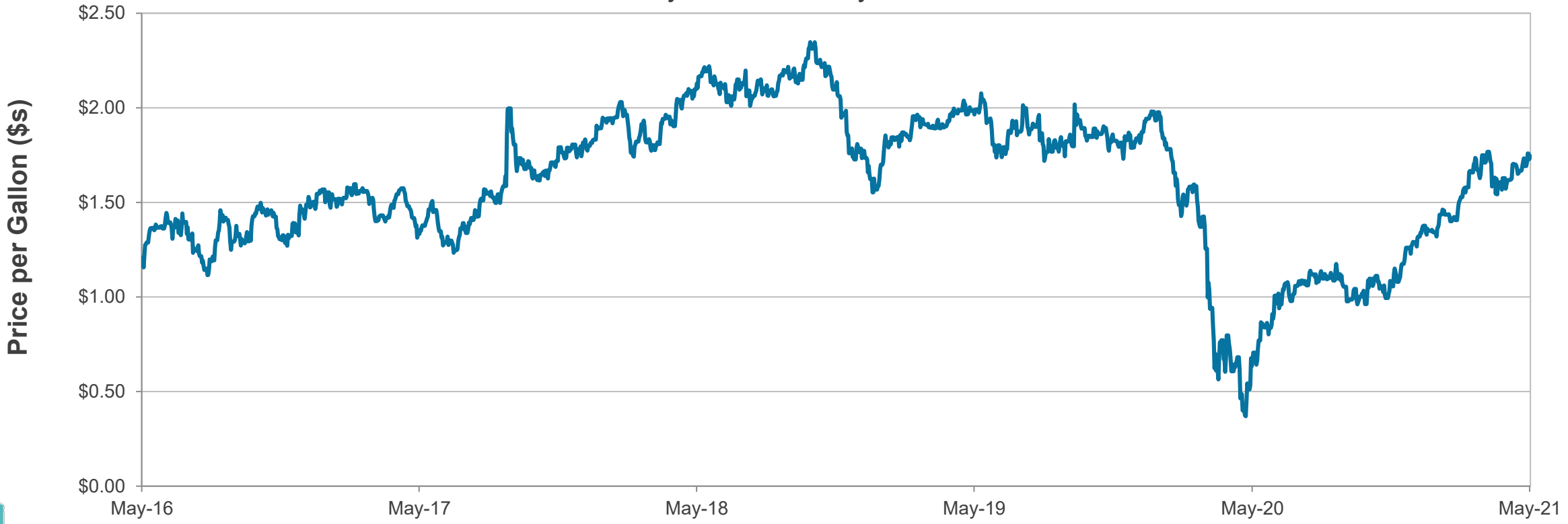
May 7, 2016 – May 7, 2021



Jet Fuel Prices

Jet fuel (U.S. Gulf Coast Spot) closed at \$1.746 per gallon on May 7th, above its one month average of \$1.696 and its one year average of \$1.253. A decline in global demand for jet fuel due to the coronavirus and ongoing travel restrictions put significant downward pressure on prices in 2020. However, favorable vaccine news and expectations for a gradual recovery in demand has supported a recovery in jet fuel prices.

U.S. Gulf Coast 54 Grade Jet Fuel Spot Price
May 7, 2016 – May 7, 2021



U.S. Equity Markets

Year-to-date, the DJIA and S&P 500 are up 13.6% and 12.7%, respectively. We believe accommodative monetary policy, robust fiscal spending, and continued progress on vaccinations should be supportive of the economy and risk assets in 2021.

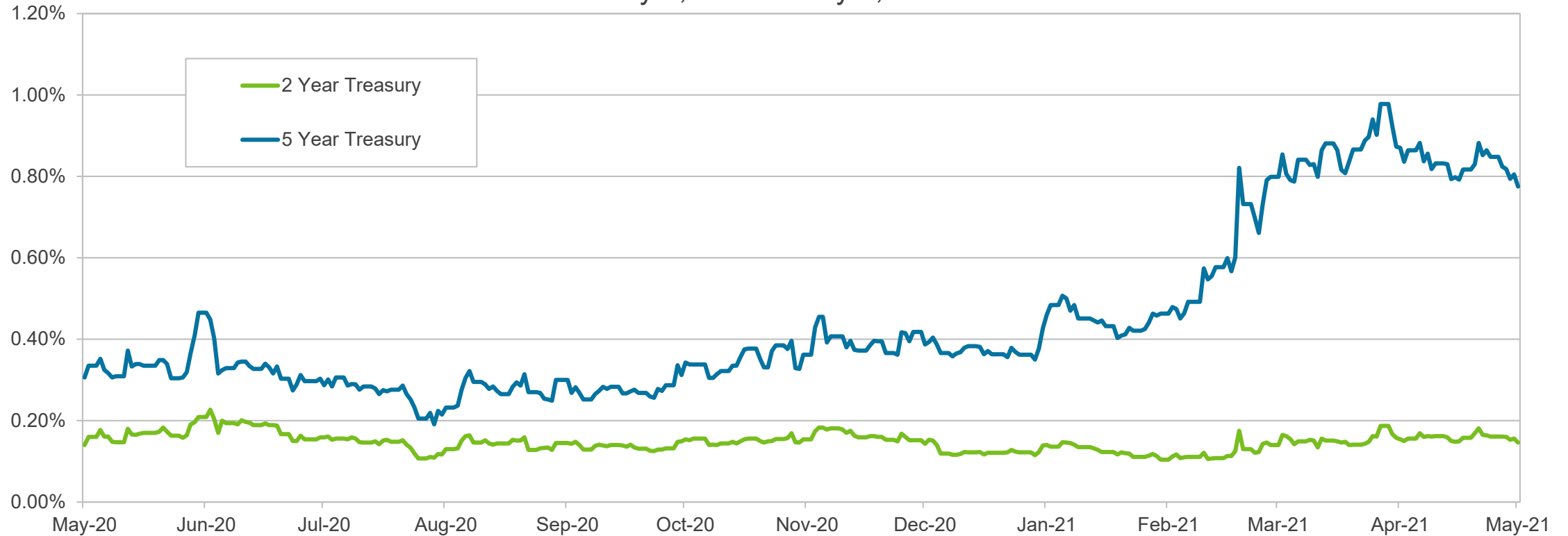
Dow Jones Industrial Average (DJIA) and S&P 500 Indices
May 7, 2016 – May 7, 2021



Treasury Yield History

Year-to-date, the yield on 5-year Treasuries has increased roughly 41 basis points, while the yield on 2-year Treasuries has been little changed.

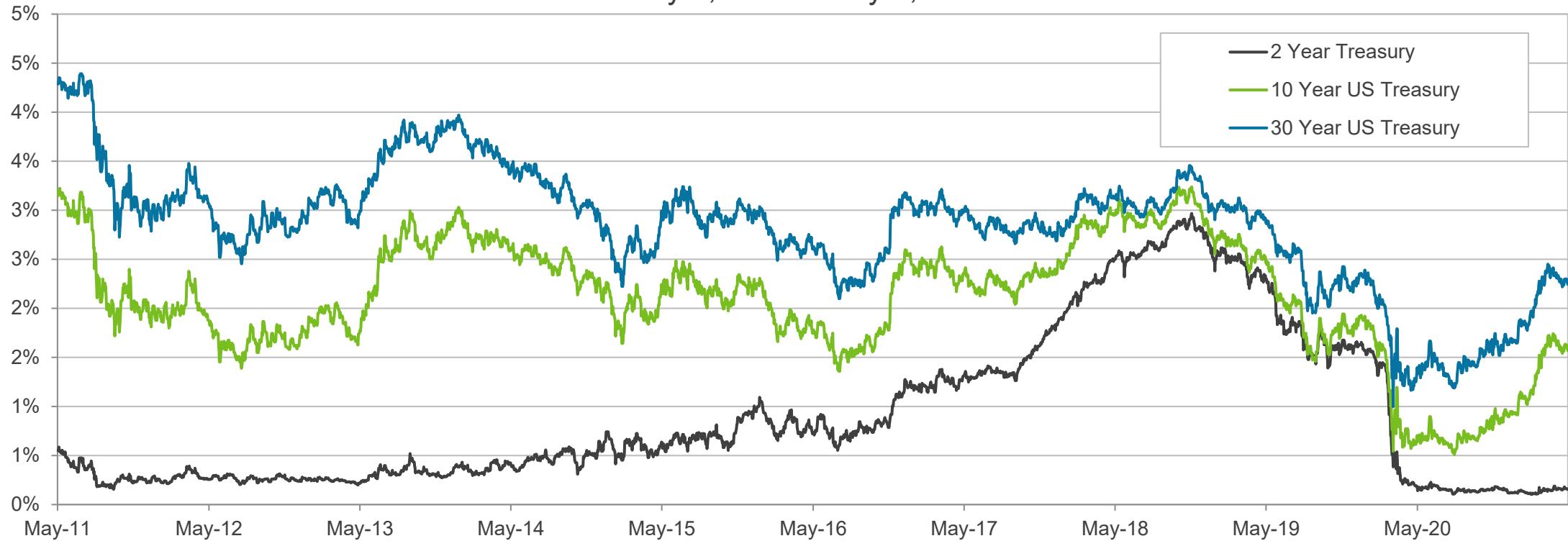
2- and 5-year U.S. Treasury Yields
May 7, 2020 – May 8, 2021



Treasury Yield History

The spread between the 2-year Treasury yield and the 10-year Treasury yield has widened to 143 basis points, from a spread of about 50 basis points at the same time last year. The current spread between the 2-year Treasury yield and 10-year Treasury yield is more in line with longer-term trends, as the average spread since 2002 has been about 135 basis points.

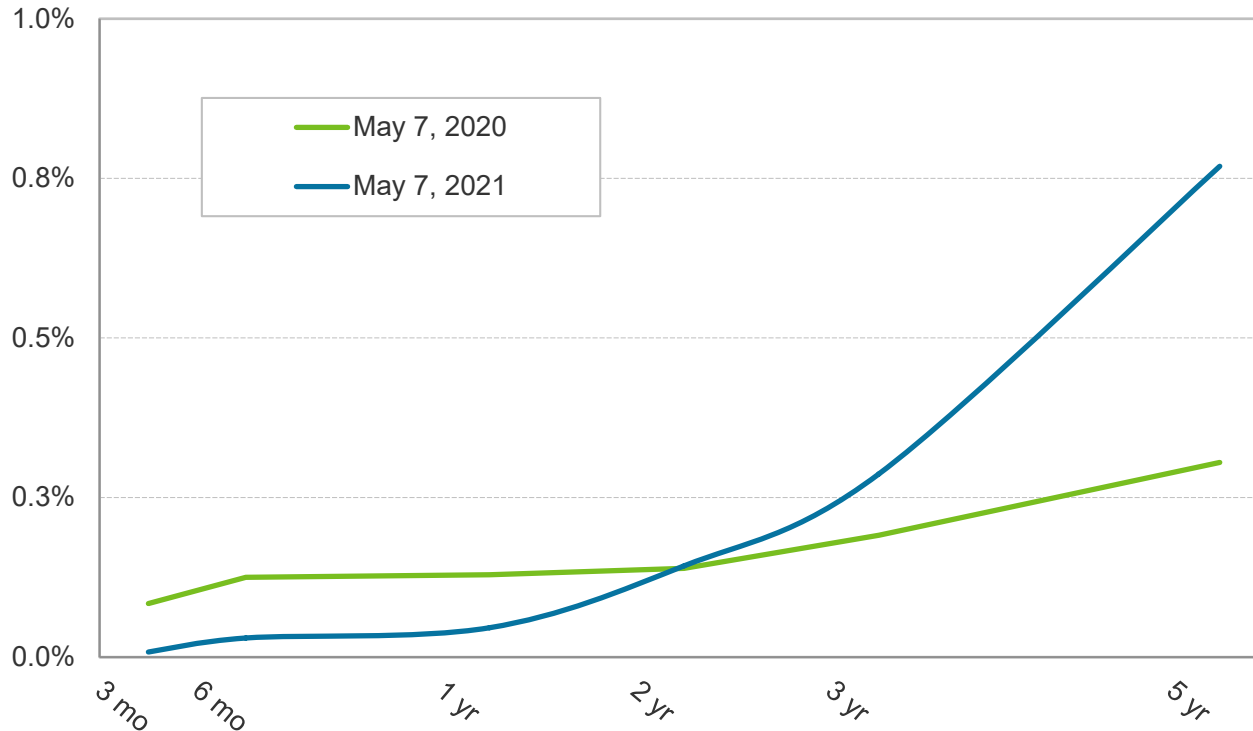
2-, 10- and 30-year U.S. Treasury Yields
May 7, 2011 – May 7, 2021



U.S. Treasury Yield Curve

The Treasury yield curve is much steeper on a year-over-year basis. The 3-month T-bill yield is down nearly eight basis points, and the 2-Year Treasury yield is essentially unchanged, but the 10-Year Treasury yield is higher by about 93 basis points, on a year-over-year basis. Notably, the Treasury began issuing a 20-year bond in May 2020 (for the first time since 1986) to help fund the growing fiscal deficit and extend the average maturity of its debt.

U.S. Treasury Yield Curve
May 7, 2020 versus May 7, 2021



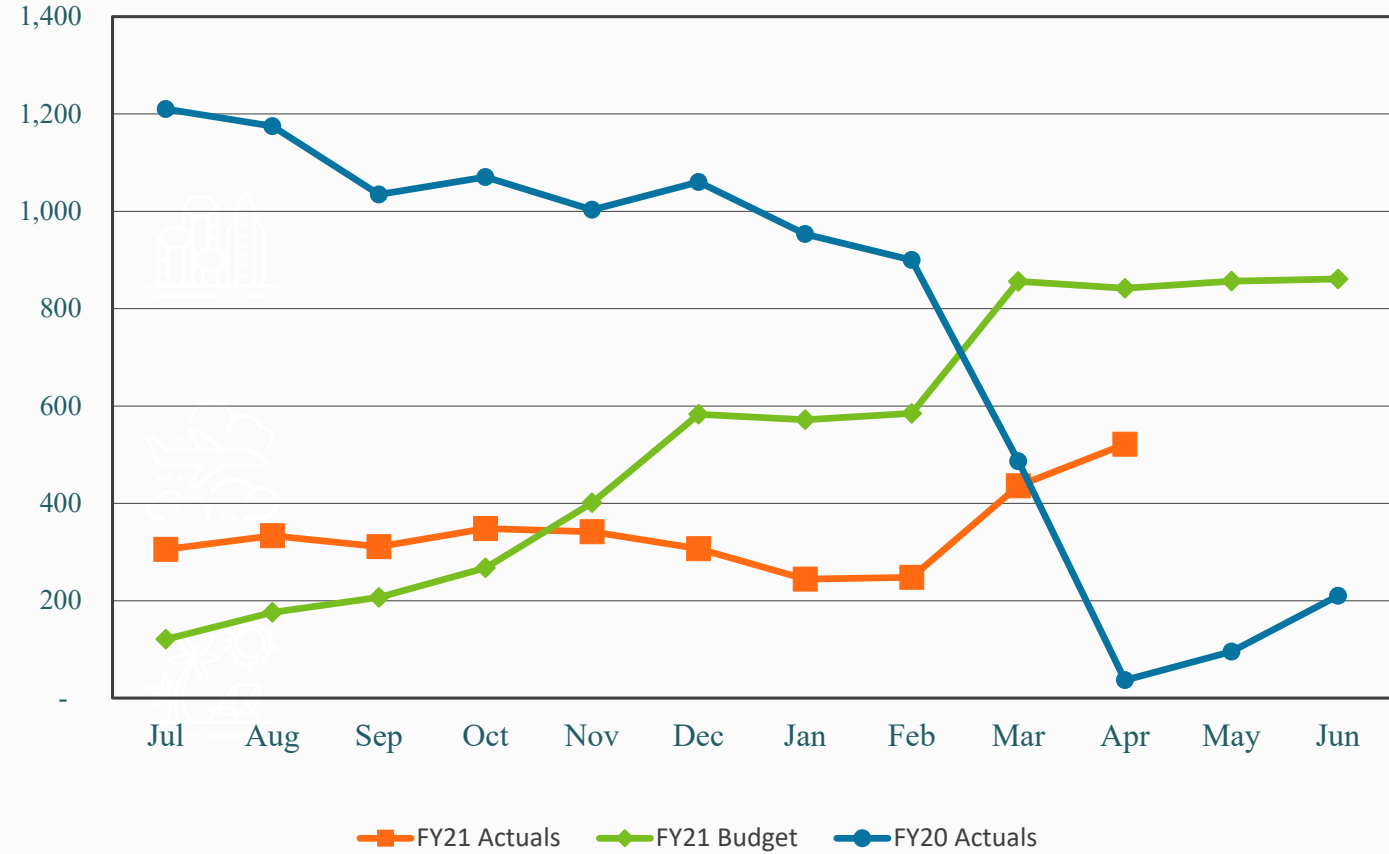
	5/7/2020	5/7/2021	Change
3-Mo.	0.08%	0.01%	(0.07%)
6-Mo.	0.13%	0.03%	(0.10%)
1-Yr.	0.13%	0.05%	(0.08%)
2-Yr.	0.14%	0.14%	0.00%
3-Yr.	0.19%	0.29%	0.10%
5-Yr.	0.31%	0.77%	0.46%
10-Yr.	0.64%	1.57%	0.93%
20-Yr.	N/A	2.16%	N/A
30-Yr.	1.33%	2.28%	0.95%



Financial Overview For the Ten Months Ended April 30, 2021 and 2020 (Unaudited)

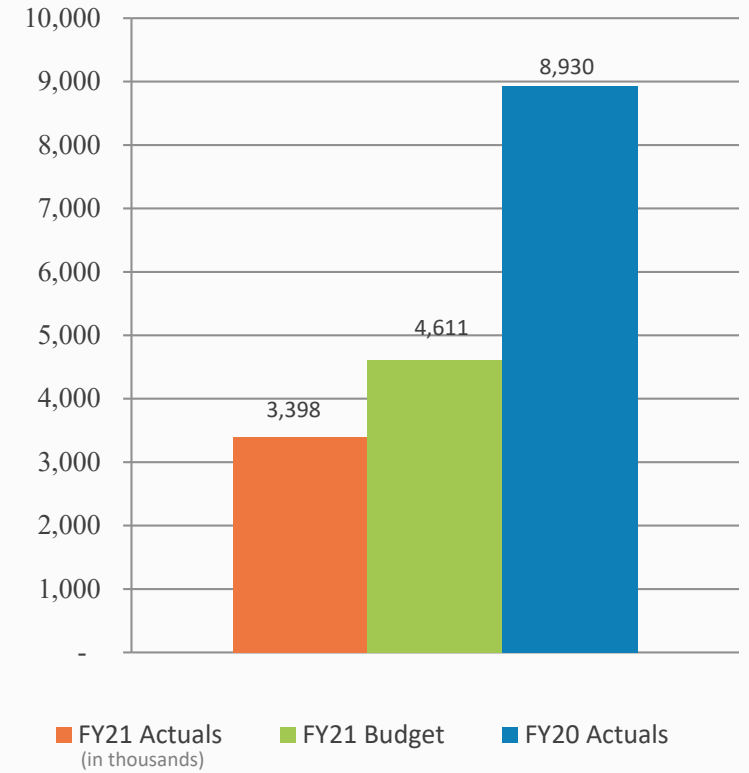
Enplanements

Thousands

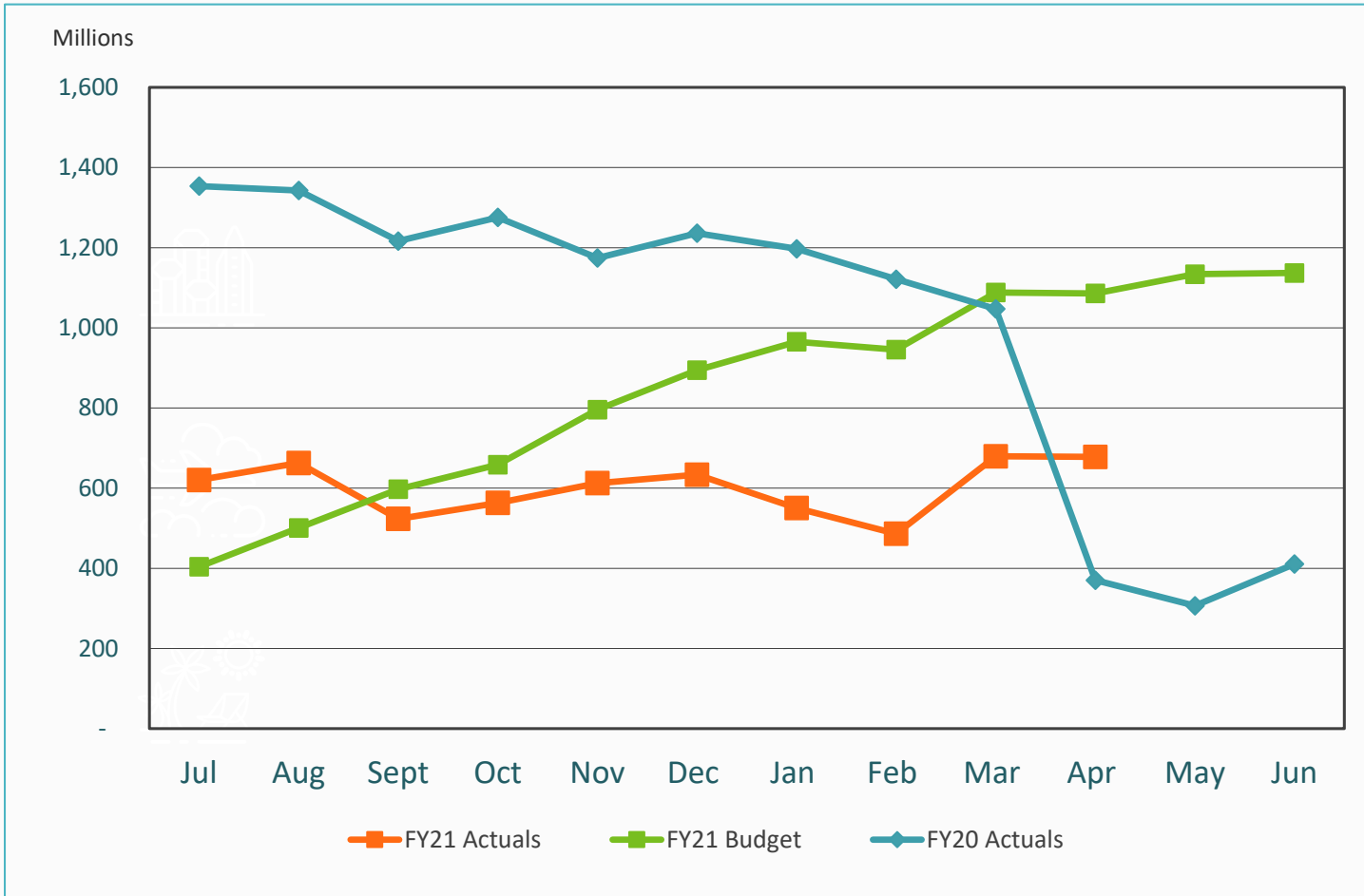


FY21 YTD Act Vs.
FY20 YTD Act
-61.9%

FY21 YTD Act Vs.
FY21 YTD Budget
-26.3%

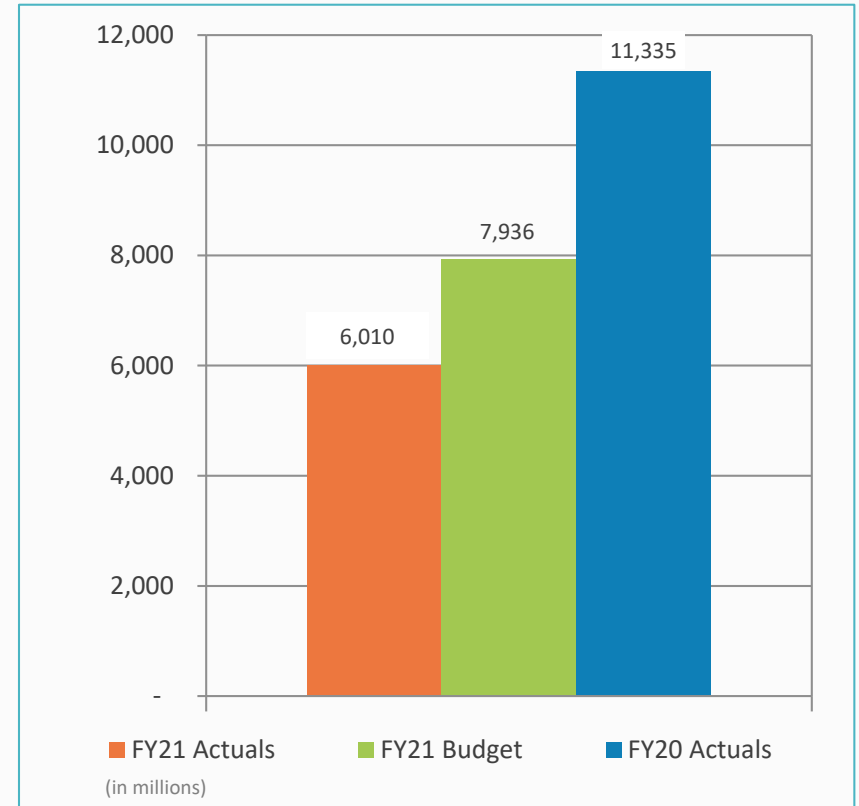


Landed Weights

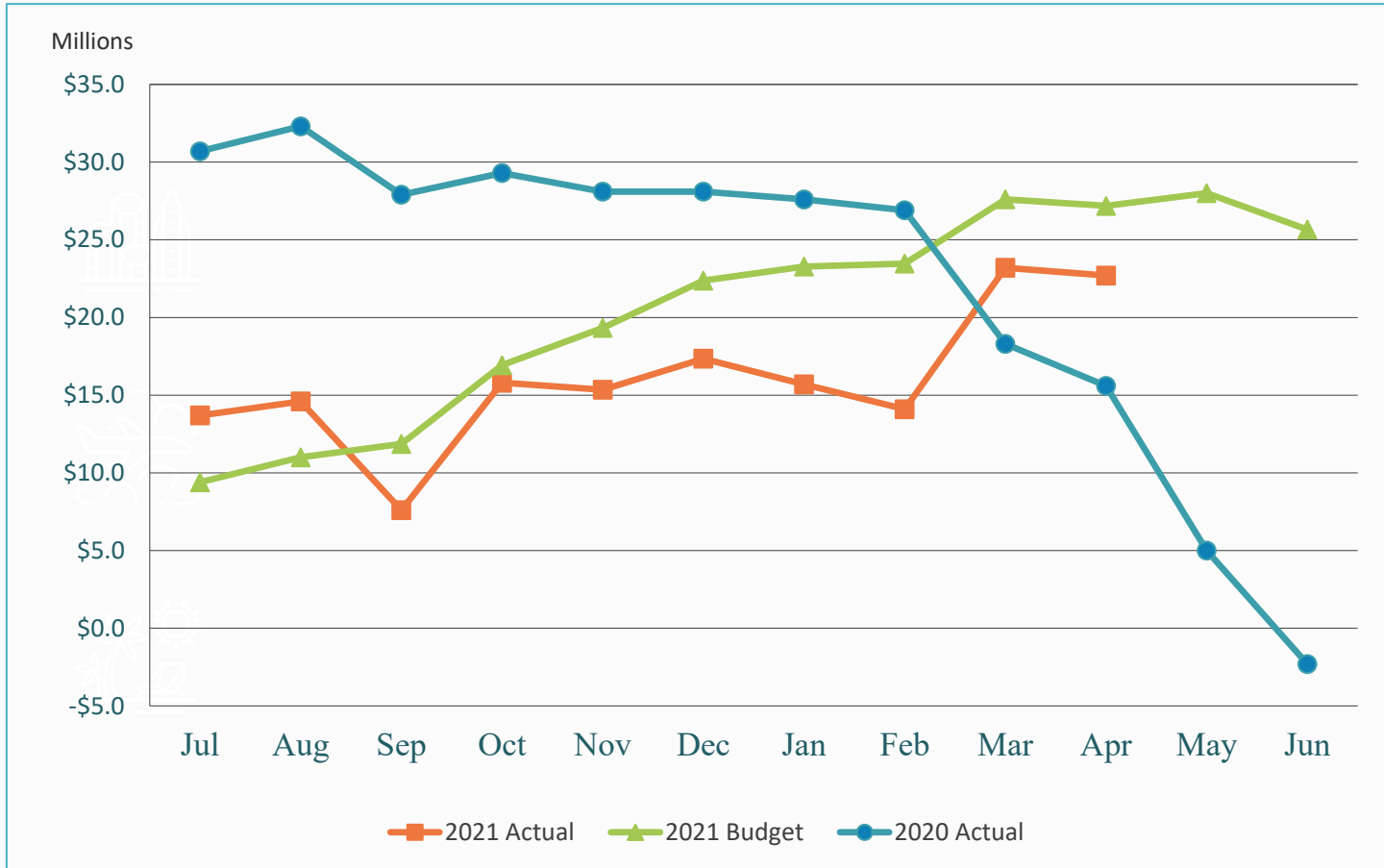


FY21 YTD Act Vs.
FY20 YTD Act
-47.0%

FY21 YTD Act Vs.
FY21 YTD Budget
-24.3%

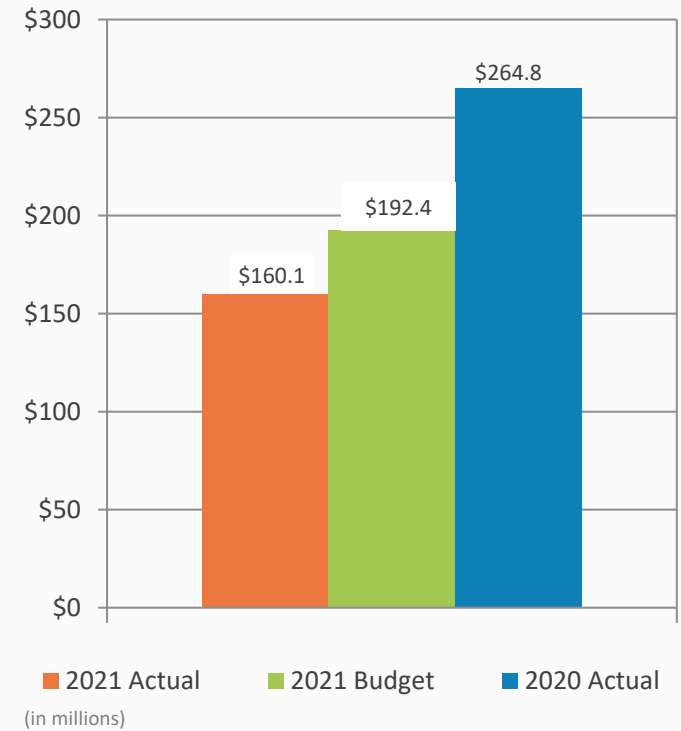


Total Operating Revenue (Unaudited)

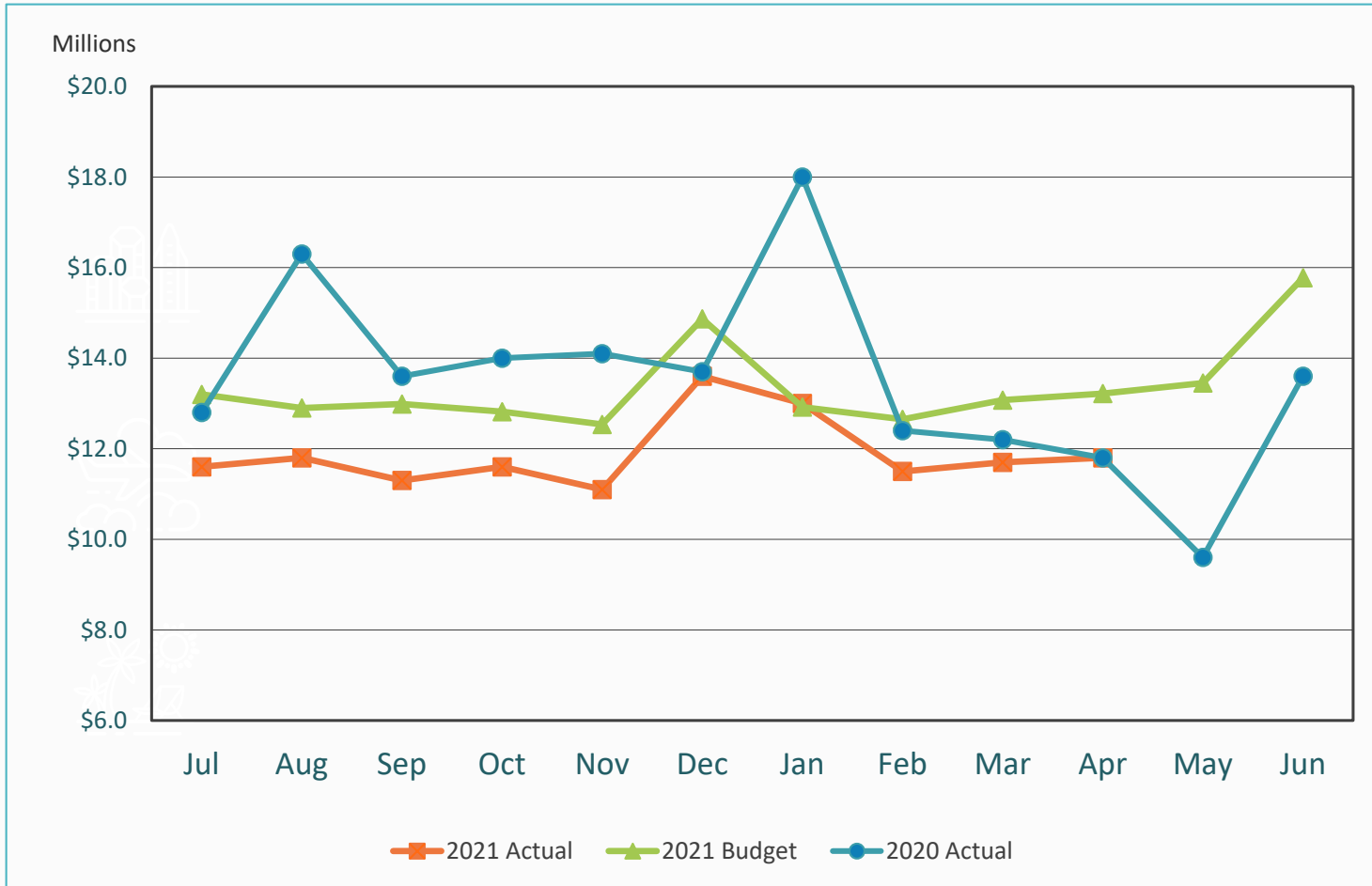


FY21 YTD Act Vs.
FY20 YTD Act
-39.5%

FY21 YTD Act Vs.
FY21 YTD Budget
-16.8%

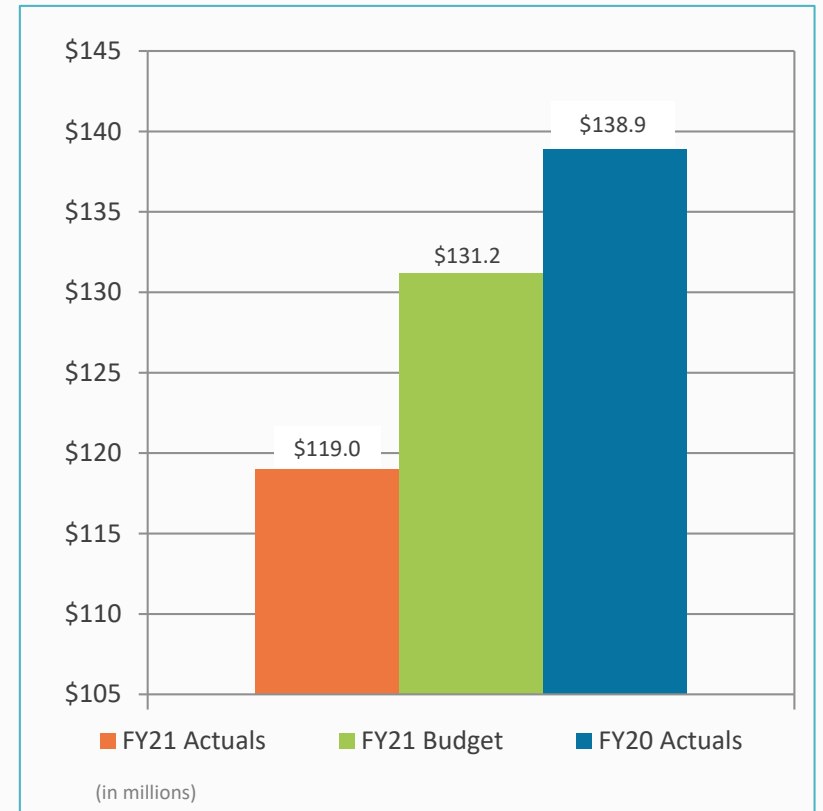


Total Operating Expenses (Unaudited)



FY21 YTD Act Vs.
FY20 YTD Act
14.3%

FY21 YTD Act Vs.
FY21 YTD Budget
9.3%



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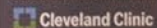



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Revenue & Expense (Unaudited) For the Ten Months Ended April 30, 2021 and 2020

Operating Revenues for the Ten Months Ended April 30, 2021 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Aviation	\$ 112,963	\$ 99,678	\$ (13,285)	(12)%	\$ 142,057
Terminal concessions	16,792	7,611	(9,181)	(55)%	24,030
Rental car	17,956	11,228	(6,728)	(37)%	24,620
Parking	16,615	16,085	(530)	(3)%	34,775
Other operating	28,110	25,499	(2,611)	(9)%	39,388
Total operating revenues	\$ 192,436	\$ 160,101	\$ (32,335)	(17)%	\$ 264,870

Operating Expenses for the Ten Months Ended April 30, 2021 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Salaries and benefits	\$ 42,509	\$ 40,392	\$ 2,117	5%	\$ 43,419
Contractual services	23,741	19,696	4,045	17%	33,844
Safety and security	28,033	28,239	(206)	(1)%	24,754
Space rental	8,505	8,525	(20)	-	8,505
Utilities	11,791	9,528	2,263	19%	10,895
Maintenance	10,005	7,484	2,521	25%	10,084
Equipment and systems	268	350	(82)	(31)%	287
Materials and supplies	511	363	148	29%	554
Insurance	1,321	1,288	32	2%	1,110
Employee development and support	664	354	310	47%	907
Business development	930	119	811	87%	1,507
Equipment rental and repairs	2,963	2,712	251	8%	3,003
Total operating expenses	\$ 131,241	\$ 119,050	\$ 12,191	9%	\$ 138,869

Net Operating Income (Loss) Summary for the Ten Months Ended April 30, 2021 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 192,436	\$ 160,101	\$ (32,335)	(17)%	\$ 264,870
Total operating expenses	131,241	119,050	12,191	9%	138,869
Income from operations	61,195	41,051	(20,144)	(33)%	126,001
Depreciation	106,518	106,518	-	-	103,163
Operating income (loss)	\$ (45,323)	\$ (65,467)	\$ (20,144)	(44)%	\$ 22,838

Nonoperating Revenues & Expenses for the Ten Months Ended April 30, 2021 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Passenger facility charges	\$ 18,251	\$ 13,943	\$ (4,308)	(24)%	\$ 33,521
Customer facility charges (Rental Car Center)	15,389	11,239	(4,150)	(27)%	29,190
Federal Relief Grants	47,046	64,857	17,811	38%	-
Quieter Home Program, net	(2,657)	(2,334)	323	12%	(2,514)
Interest income	6,758	11,412	4,654	69%	16,518
Interest expense (net)	(62,180)	(56,551)	5,629	9%	(63,037)
Other nonoperating revenue (expense)	(18)	(8,355)	(8,337)	-	13,484
Nonoperating revenue, net	22,589	34,211	11,622	51%	27,162
Change in net position before grant contributions	(22,734)	(31,256)	(8,522)	(37)%	50,000
Capital grant contributions	10,162	9,518	(644)	(6)%	4,360
Change in net position	\$ (12,572)	(21,738)	\$ (9,166)	(73)%	\$ 54,360

Statements of Net Position (Unaudited) April 30, 2021 and 2020

Statements of Net Position (Unaudited)

As of April 30, 2021 and 2020 (In Thousands)

	2021	2020
Assets and Deferred Outflows of Resources		
Current assets	\$ 140,422	\$ 128,196
Cash designated for capital projects and other	118,432	77,431
Restricted assets	560,372	643,023
Capital assets, net	1,816,264	1,775,455
Other assets	173,821	296,295
Deferred outflows of resources	21,917	24,593
Total assets and deferred outflows of resources	\$ 2,831,228	\$ 2,944,993

Statements of Net Position (Unaudited)

As of April 30, 2021 and 2020 (In Thousands)

	2021	2020
Liabilities and Deferred Inflows of Resources		
Current liabilities	\$ 61,646	\$ 76,923
Liabilities payable from restricted assets	63,752	58,432
Long term liabilities	1,830,793	1,890,956
Deferred inflows of resources	11,712	11,022
Total liabilities and deferred inflows of resources	\$ 1,967,903	\$ 2,037,333
Total net position	\$ 863,325	\$ 907,660

Questions?



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

Investment Report

Period Ending
April 30, 2021

Presented by: Geoff Bryant
Manager Airport Finance

May 24, 2021



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.
Vice President, Chief Financial Officer
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.

Portfolio Characteristics

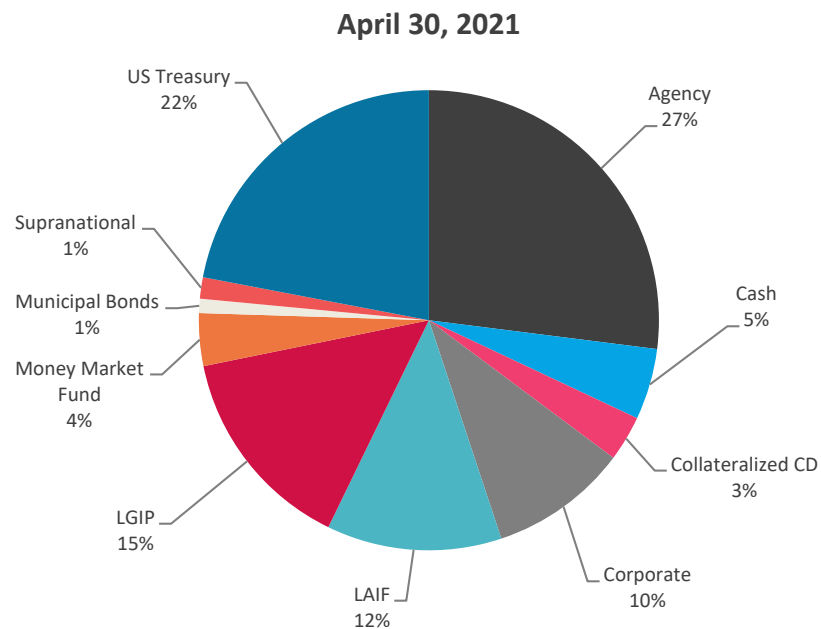
SDCRAA Consolidated

	4/30/2021	3/31/2021	Change
	Portfolio	Portfolio	Portfolio
Average Maturity (yrs)	0.99	1.04	(0.05)
Average Purchase Yield	1.49%	1.53%	(0.04%)
Average Market Yield	0.34%	0.37%	0.03%)
Average Quality*	AA+/Aa1	AA+/Aa1	
Unrealized Gains/Losses	8,995,131	9,267,361	(272,230)
Total Market Value	512,182,503	513,609,826	(1,427,323)

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

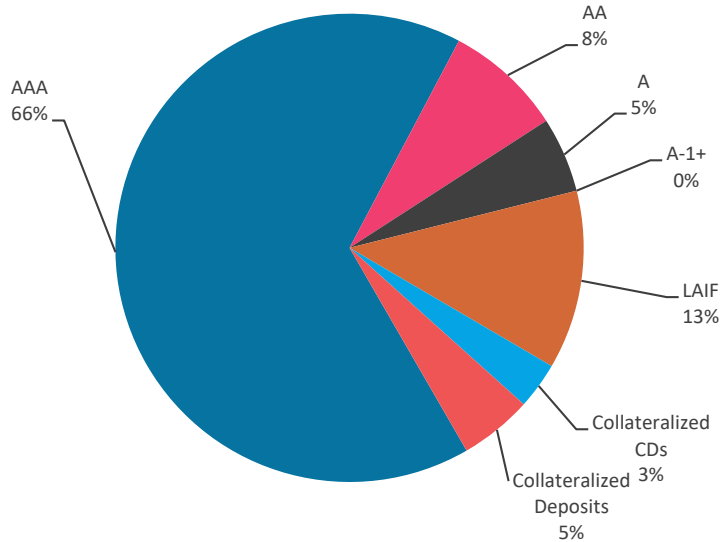
Sector Distribution

	April 30, 2021		March 31, 2021	
	Total Market Value	% of Portfolio	Total Market Value	% of Portfolio
Agency	138,057,194	27.0%	138,132,274	26.9%
Cash	25,704,125	5.0%	27,055,969	5.2%
Collateralized CD	16,504,239	3.2%	16,476,002	3.2%
Corporate	49,674,685	9.7%	51,937,565	10.1%
LAIF	63,247,579	12.3%	50,230,783	9.8%
LGIP	74,842,538	14.6%	75,165,206	14.6%
Money Market Fund	18,893,122	3.7%	10,529,795	2.1%
Municipal Bonds	5,244,967	1.0%	5,229,592	1.0%
Supranational	7,602,428	1.5%	7,616,645	1.5%
US Treasury	112,411,627	22.0%	131,235,996	25.6%
TOTAL	512,182,503	100.0%	513,609,826	100.0%



Quality & Maturity Distribution

April 30, 2021

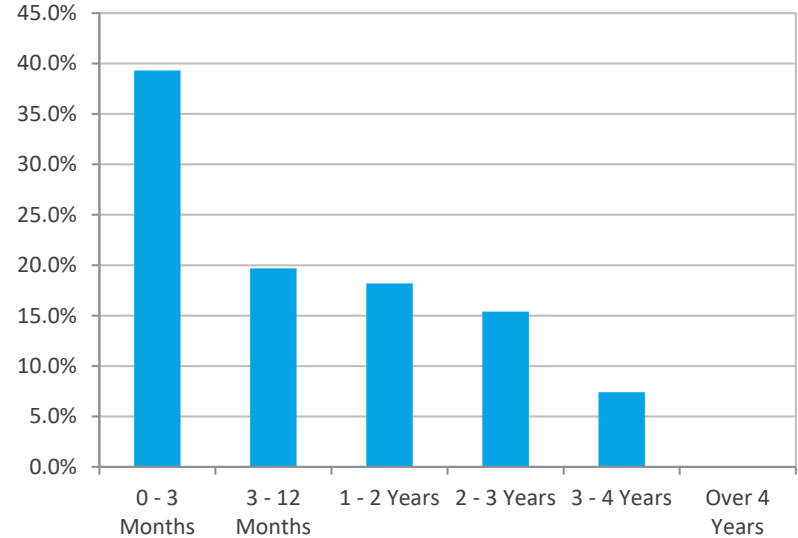


Notes:

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.

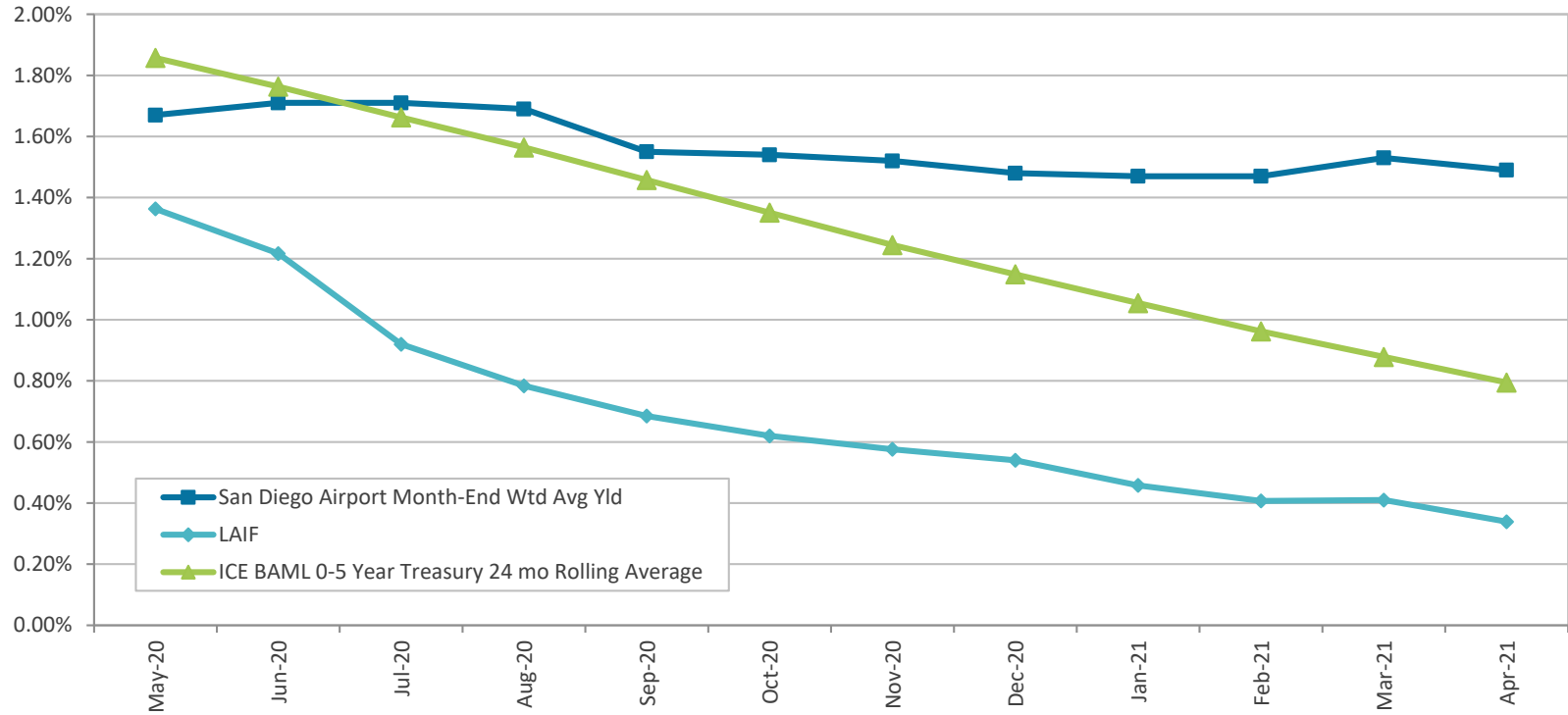
April 30, 2021



Notes:

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

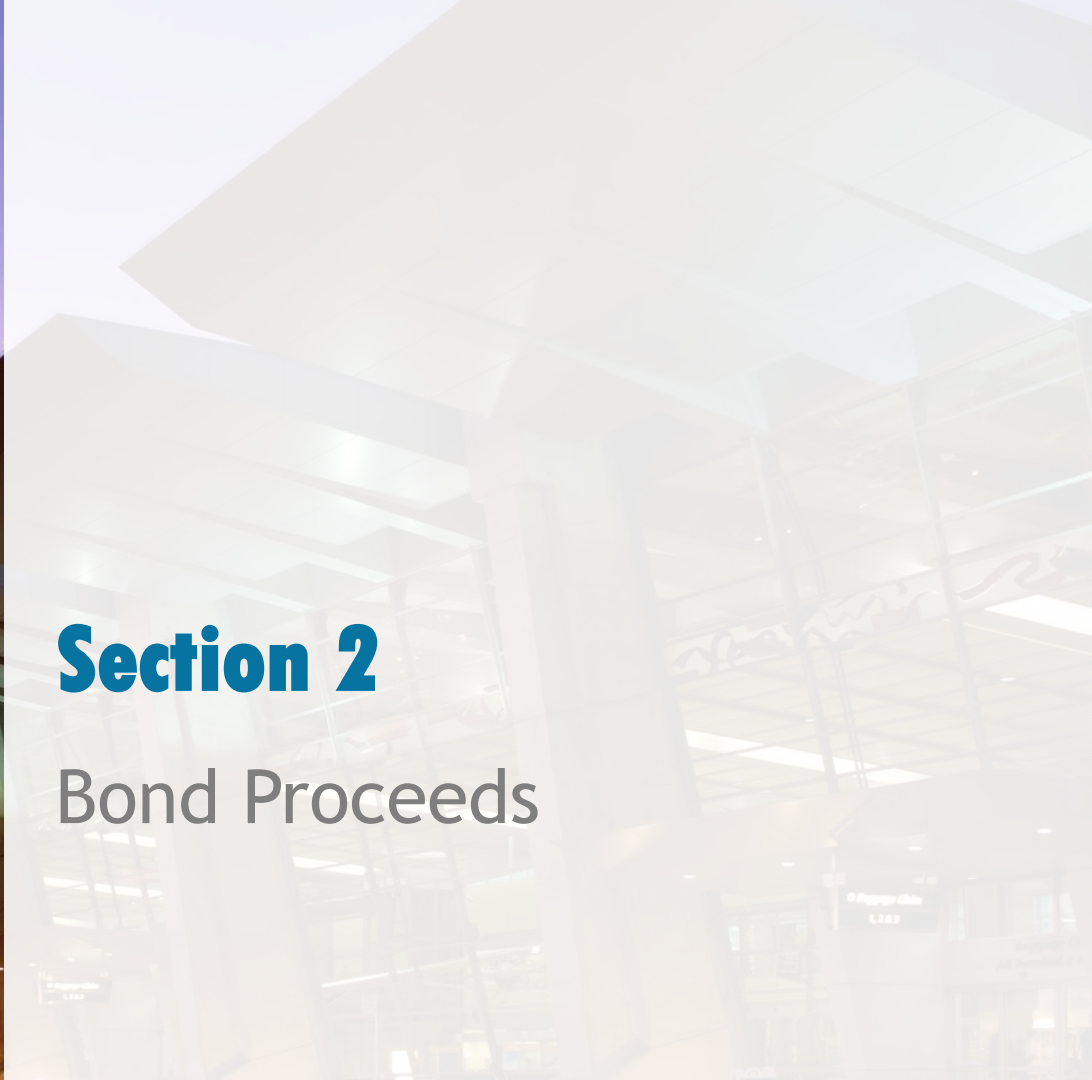
Investment Performance





Section 2

Bond Proceeds



Bond Proceeds

Summary of 2013, 2014, 2017, 2019 & 2020 Bond Proceeds ⁽¹⁾

As of April 30, 2021

(in thousands)

	2014 Special Facility Revenue Bond	2013, 2017, 2019 & 2020 General Airport Revenue Bonds	Total Bond Proceeds	Yield	Rating
Project Fund					
LAIF	-	95,987	95,987	0.33%	N/R
SDCIP	-	88,576	88,576	0.83%	AAAF
Money Market Fund	-	16,718	16,718	0.03%	AAAm
	-	201,281	201,281	0.53%	
Debt Service Reserve & Coverage Funds					
SDCIP	29,462	82,454	111,916	0.83%	AAAF
LAIF	-	11,078	11,078	0.33%	N/R
Money Market Fund	-	15,317	15,317	0.03%	AAAm
	29,462	108,849	138,311	0.70%	
Capitalized Interest Funds					
SDCIP	-	6,851	6,851	0.83%	AAAF
	-	6,851	6,851	0.83%	
Cost of Issuance					
Money Market Fund	-	24	24	0.03%	AAAm
	-	24	24	0.03%	
TOTAL	29,462	317,005	346,467	0.60%	

(1) Bond Proceeds are not included in deposit limits as applied to operating funds. SDCIP Yield as of March 31, 2021.

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

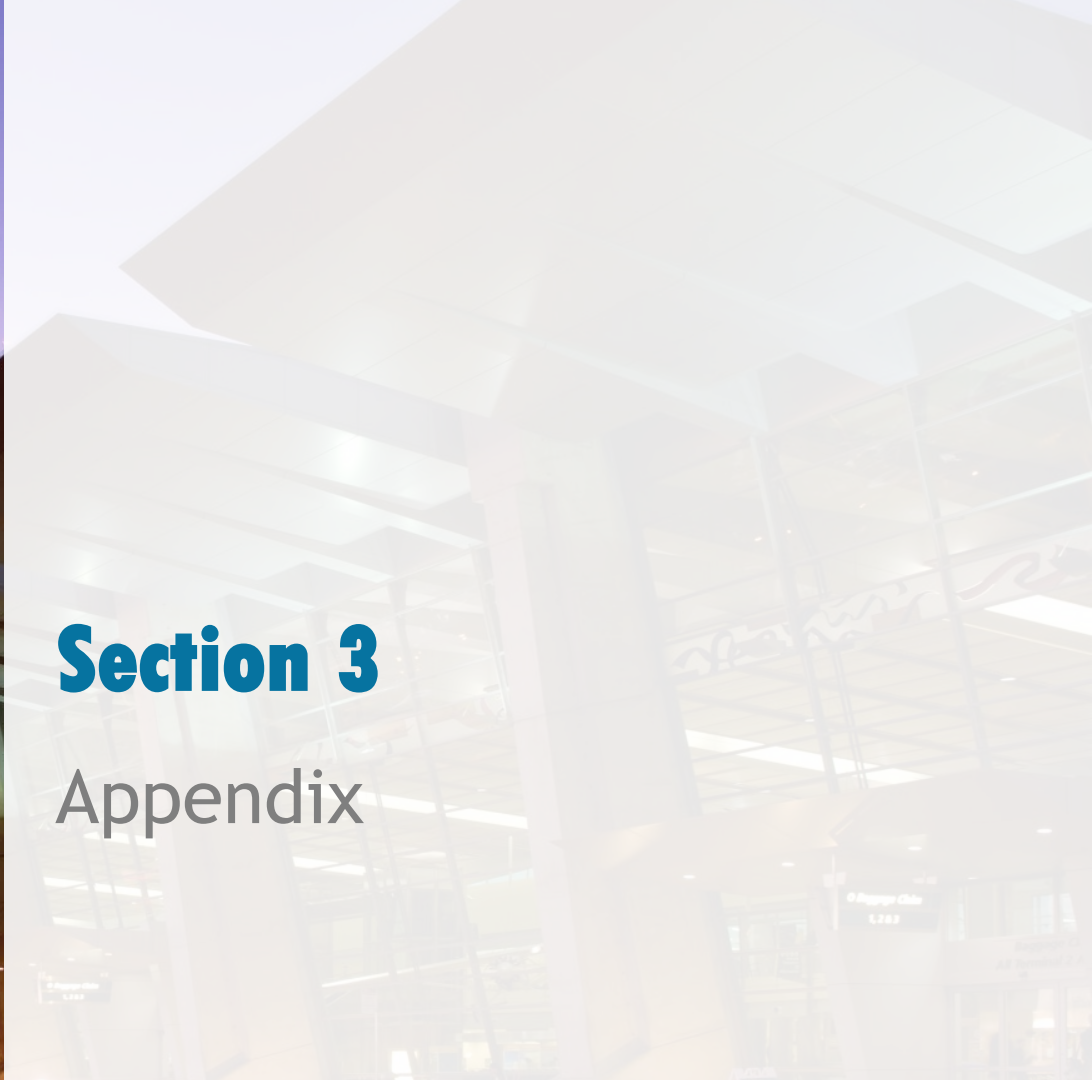
Questions?

● Ticketing
U S Airways



Section 3

Appendix



Compliance

April 30, 2021

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; 10% max per issuer; 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; 5% 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; 5% 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; 5% 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; 5% max per TCD issuer in excess of FDIC limit (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; 20% maximum; 5% 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

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2021

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									
3130A1W95	FHLB Note	7,500,000.00	07/19/2019	7,552,725.00	100.24	7,517,722.50	1.48%	Aaa / AA+	0.12
	2.250% Due 06/11/2021		1.87%		0.17%	65,625.00	(35,002.50)	AAA	0.11
313378JP7	FHLB Note	7,500,000.00	08/27/2019	7,620,375.00	100.81	7,560,622.50	1.48%	Aaa / AA+	0.36
	2.375% Due 09/10/2021		1.57%		0.14%	25,234.38	(59,752.50)	AAA	0.36
3130AF5B9	FHLB Note	4,500,000.00	10/22/2018	4,493,385.00	101.31	4,558,743.00	0.89%	Aaa / AA+	0.45
	3.000% Due 10/12/2021		3.05%		0.10%	7,125.00	65,358.00	NR	0.45
313376C94	FHLB Note	5,000,000.00	01/28/2020	5,101,350.00	101.56	5,077,770.00	1.00%	Aaa / AA+	0.61
	2.625% Due 12/10/2021		1.52%		0.08%	51,406.25	(23,580.00)	AAA	0.60
3133ELHR8	FFCB Note	7,500,000.00	02/03/2020	7,527,300.00	101.09	7,581,945.00	1.49%	Aaa / AA+	0.73
	1.600% Due 01/21/2022		1.41%		0.09%	33,333.33	54,645.00	AAA	0.72
3130AEBM1	FHLB Note	7,150,000.00	Various	7,131,662.00	102.95	7,360,574.65	1.45%	Aaa / AA+	1.11
	2.750% Due 06/10/2022		2.82%		0.10%	77,011.46	228,912.65	NR	1.09
3135G0W33	FNMA Note	5,000,000.00	09/06/2019	4,974,800.00	101.68	5,083,800.00	0.99%	Aaa / AA+	1.35
	1.375% Due 09/06/2022		1.55%		0.13%	10,503.47	109,000.00	AAA	1.34
313383WD9	FHLB Note	4,000,000.00	09/27/2018	4,019,040.00	104.08	4,163,072.00	0.82%	Aaa / AA+	1.36
	3.125% Due 09/09/2022		3.00%		0.12%	18,055.56	144,032.00	AAA	1.34
3135G0T78	FNMA Note	7,500,000.00	03/02/2020	7,717,875.00	102.69	7,701,472.50	1.51%	Aaa / AA+	1.43
	2.000% Due 10/05/2022		0.86%		0.12%	10,833.33	(16,402.50)	AAA	1.42
3130A3KM5	FHLB Note	6,000,000.00	08/16/2018	5,924,640.00	103.71	6,222,762.00	1.23%	Aaa / AA+	1.61
	2.500% Due 12/09/2022		2.81%		0.19%	59,166.67	298,122.00	NR	1.57
313383QR5	FHLB Note	4,900,000.00	09/11/2018	4,959,045.00	106.38	5,212,703.30	1.03%	Aaa / AA+	2.11
	3.250% Due 06/09/2023		2.97%		0.21%	62,815.28	253,658.30	NR	2.03

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2021

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
3133EJUS6	FFCB Note 2.875% Due 07/17/2023	6,000,000.00	02/07/2019 2.56%	6,078,480.00	105.88 0.21%	6,352,680.00 49,833.33	1.25% 274,200.00	Aaa / AA+ AAA	2.21 2.14
3133EKZK5	FFCB Note 1.600% Due 08/14/2023	7,000,000.00	08/19/2019 1.55%	7,012,460.00	103.14 0.23%	7,219,471.00 23,955.56	1.41% 207,011.00	Aaa / AA+ AAA	2.29 2.25
313383YJ4	FHLB Note 3.375% Due 09/08/2023	7,000,000.00	Various 2.65%	7,219,535.00	107.23 0.29%	7,506,240.00 34,781.25	1.47% 286,705.00	Aaa / AA+ NR	2.36 2.27
3130A0F70	FHLB Note 3.375% Due 12/08/2023	6,850,000.00	Various 2.75%	7,045,064.00	107.95 0.31%	7,394,712.00 91,832.81	1.46% 349,648.00	Aaa / AA+ AAA	2.61 2.49
3130AB3H7	FHLB Note 2.375% Due 03/08/2024	6,800,000.00	Various 2.36%	6,805,744.00	105.99 0.27%	7,207,245.20 23,776.39	1.41% 401,501.20	Aaa / AA+ NR	2.86 2.77
3133EKNX0	FFCB Note 2.160% Due 06/03/2024	5,000,000.00	07/19/2019 1.89%	5,062,250.00	105.45 0.38%	5,272,630.00 44,400.00	1.04% 210,380.00	Aaa / AA+ AAA	3.10 2.98
3130A1XJ2	FHLB Note 2.875% Due 06/14/2024	8,000,000.00	06/12/2019 2.00%	8,331,920.00	107.71 0.39%	8,616,584.00 87,527.78	1.70% 284,664.00	Aaa / AA+ NR	3.13 2.98
3135G0V75	FNMA Note 1.750% Due 07/02/2024	7,350,000.00	07/19/2019 1.87%	7,310,236.50	104.40 0.36%	7,673,113.35 42,517.71	1.51% 362,876.85	Aaa / AA+ AAA	3.18 3.08
3135G0W66	FNMA Note 1.625% Due 10/15/2024	5,000,000.00	12/03/2019 1.64%	4,997,100.00	104.05 0.44%	5,202,350.00 3,611.11	1.02% 205,250.00	Aaa / AA+ AAA	3.46 3.37
3137EAEPO	FHLMC Note 1.500% Due 02/12/2025	6,500,000.00	03/04/2020 0.85%	6,703,710.00	103.48 0.57%	6,726,239.00 21,395.83	1.32% 22,529.00	Aaa / AA+ AAA	3.79 3.67
TOTAL Agency		132,050,000.00	2.03%	133,588,696.50	0.24%	137,212,452.00 844,741.50	26.95% 3,623,755.50	Aaa / AA+ Aaa	1.94 1.88

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2021

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
Cash									
PP2118\$00	U.S. Bank Checking Account	108,093.31	Various 0.00%	108,093.31	1.00 0.00%	108,093.31 0.00	0.02% 0.00	NR / NR NR	0.00 0.00
PP2118\$12	U.S. Bank Checking Account	72,618.19	Various 0.00%	72,618.19	1.00 0.00%	72,618.19 0.00	0.01% 0.00	NR / NR NR	0.00 0.00
PP2118V\$7	EastWest Bank Deposit Account	14,848,168.75	Various 0.21%	14,848,168.75	1.00 0.21%	14,848,168.75 0.00	2.90% 0.00	NR / NR NR	0.00 0.00
PP2118V\$8	EastWest Bank Deposit Account	108,980.35	Various 0.21%	108,980.35	1.00 0.21%	108,980.35 0.00	0.02% 0.00	NR / NR NR	0.00 0.00
PP2118V\$9	U.S. Bank Checking Account	10,566,264.16	Various 0.00%	10,566,264.16	1.00 0.00%	10,566,264.16 0.00	2.06% 0.00	NR / NR NR	0.00 0.00
TOTAL Cash		25,704,124.76	0.12%	25,704,124.76	0.12%	25,704,124.76 0.00	5.02% 0.00	NR / NR NR	0.00 0.00
Collateralized CD									
PP2118\$10	EastWest Bank Collateralized CD 2.200% Due 07/07/2021	11,147,108.26	Various 2.26%	11,107,095.13	91.75 2.26%	11,107,095.13 671.88	2.17% 0.00	NR / NR NR	0.19 0.17
PP2118\$04	EastWest Bank Collateralized CD 1.800% Due 10/24/2021	5,410,673.62	Various 1.82%	5,394,577.96	90.10 1.82%	5,394,577.96 1,893.74	1.05% 0.00	NR / NR NR	0.48 0.47
TOTAL Collateralized CD		16,557,781.88	2.12%	16,501,673.09	2.12%	16,501,673.09 2,565.62	3.22% 0.00	NR / NR NR	0.28 0.27

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2021

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
Corporate									
594918BP8	Microsoft Callable Note Cont 7/8/2021 1.550% Due 08/08/2021	3,000,000.00	09/15/2017 1.96%	2,954,280.00	100.25 0.22%	3,007,554.00 10,720.83	0.59% 53,274.00	Aaa / AAA AAA	0.27 0.19
69371RP42	Paccar Financial Corp Note 3.150% Due 08/09/2021	3,000,000.00	08/16/2018 3.09%	3,005,220.00	100.77 0.33%	3,023,232.00 21,525.00	0.59% 18,012.00	A1 / A+ NR	0.28 0.27
69353REY0	PNC Bank Callable Note Cont 11/09/2021 2.550% Due 12/09/2021	2,000,000.00	07/13/2018 3.28%	1,953,160.00	101.19 0.28%	2,023,774.00 20,116.67	0.40% 70,614.00	A2 / A A+	0.61 0.52
459200JQ5	IBM Corp Note 2.500% Due 01/27/2022	2,000,000.00	08/16/2018 3.12%	1,960,160.20	101.66 0.26%	2,033,162.01 13,055.55	0.40% 73,001.81	A2 / A NR	0.75 0.73
037833AY6	Apple Inc Note 2.150% Due 02/09/2022	4,000,000.00	09/15/2017 2.10%	4,008,680.00	101.50 0.21%	4,060,036.00 19,588.89	0.80% 51,356.00	Aa1 / AA+ NR	0.78 0.77
74005PBA1	Praxair Callable Note Cont 11/15/2021 2.450% Due 02/15/2022	1,000,000.00	06/11/2018 3.18%	974,800.00	101.17 0.29%	1,011,674.00 5,172.22	0.20% 36,874.00	A2 / A NR	0.80 0.54
69353RFB9	PNC Bank Callable Note Cont 1/18/2022 2.625% Due 02/17/2022	2,000,000.00	06/11/2018 3.35%	1,950,240.00	101.70 0.23%	2,034,096.00 10,791.67	0.40% 83,856.00	A2 / A A+	0.80 0.71
00440EAU1	Chubb INA Holdings Inc Callable Note Cont 9/3/2022 2.875% Due 11/03/2022	2,000,000.00	09/27/2018 3.47%	1,955,180.00	103.51 0.26%	2,070,116.00 28,430.56	0.41% 114,936.00	A3 / A A	1.51 1.31
24422EUA5	John Deere Capital Corp Note 2.700% Due 01/06/2023	3,500,000.00	Various 3.22%	3,422,355.00	104.04 0.29%	3,641,519.00 30,187.50	0.72% 219,164.00	A2 / A A	1.69 1.64
89236TEL5	Toyota Motor Credit Corp Note 2.700% Due 01/11/2023	2,000,000.00	07/13/2018 3.34%	1,946,860.00	103.93 0.37%	2,078,610.00 16,500.00	0.41% 131,750.00	A1 / A+ A+	1.70 1.66
084670BR8	Berkshire Hathaway Callable Note Cont 1/15/2023 2.750% Due 03/15/2023	2,000,000.00	07/13/2018 3.20%	1,961,020.00	104.13 0.32%	2,082,620.00 7,027.78	0.41% 121,600.00	Aa2 / AA A+	1.87 1.67

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2021

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
037833AK6	Apple Inc Note 2.400% Due 05/03/2023	2,000,000.00	07/19/2019 2.13%	2,019,760.00	104.21 0.30%	2,084,216.00 23,733.33	0.41% 64,456.00	Aa1 / AA+ NR	2.01 1.95
58933YAF2	Merck & Co Note 2.800% Due 05/18/2023	3,000,000.00	07/22/2019 2.11%	3,075,480.00	105.12 0.30%	3,153,468.00 38,033.33	0.62% 77,988.00	A1 / AA- A+	2.05 1.98
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.400% Due 06/26/2023	2,000,000.00	09/27/2018 3.31%	2,008,020.00	106.50 0.25%	2,130,004.00 23,611.11	0.42% 121,984.00	Aa2 / AA AA	2.16 2.00
06406FAD5	Bank of NY Mellon Corp Callable Note Cont 6/16/2023 2.200% Due 08/16/2023	4,000,000.00	Various 2.22%	3,996,200.00	104.03 0.30%	4,161,256.00 18,333.34	0.82% 165,056.00	A1 / A AA-	2.30 2.08
857477AM5	State Street Bank Note 3.700% Due 11/20/2023	2,000,000.00	08/19/2019 2.06%	2,132,940.00	108.39 0.40%	2,167,756.00 33,094.44	0.43% 34,816.00	A1 / A AA-	2.56 2.42
89236TFS9	Toyota Motor Credit Corp Note 3.350% Due 01/08/2024	2,000,000.00	02/07/2019 3.07%	2,025,380.00	107.73 0.45%	2,154,582.00 21,030.56	0.42% 129,202.00	A1 / A+ A+	2.69 2.57
91159HHV5	US Bancorp Callable Note Cont 1/5/2024 3.375% Due 02/05/2024	2,000,000.00	02/07/2019 3.19%	2,017,220.00	107.85 0.43%	2,156,910.00 16,125.00	0.42% 139,690.00	A1 / A+ A+	2.77 2.57
438516BW5	Honeywell Intl Callable Note Cont 7/15/2024 2.300% Due 08/15/2024	4,000,000.00	12/03/2019 1.96%	4,059,840.00	105.59 0.54%	4,223,600.00 19,422.22	0.83% 163,760.00	A2 / A A	3.30 3.09
TOTAL Corporate		47,500,000.00	2.69%	47,426,795.20	0.32%	49,298,185.01 376,500.00	9.70% 1,871,389.81	A1 / A+ A+	1.68 1.57

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2021

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									
90LAIF\$00	Local Agency Investment Fund State Pool	63,232,518.45	Various 0.33%	63,232,518.45	1.00 0.33%	63,232,518.45 15,060.22	12.35% 0.00	NR / NR NR	0.00 0.00
TOTAL LAIF		63,232,518.45	0.33%	63,232,518.45	0.33%	63,232,518.45 15,060.22	12.35% 0.00	NR / NR NR	0.00 0.00
Local Gov Investment Pool									
90SDCP\$00	County of San Diego Pooled Investment Pool	58,437,982.64	Various 0.83%	58,437,982.64	1.00 0.83%	58,437,982.64 0.00	11.41% 0.00	NR / NR AAA	0.00 0.00
09CATR\$04	CalTrust Short Term Fund	1,625,823.10	Various 0.25%	16,268,326.53	10.09 0.25%	16,404,555.04 0.00	3.20% 136,228.51	NR / AA NR	0.00 0.00
TOTAL Local Gov Investment Pool		60,063,805.74	0.70%	74,706,309.17	0.70%	74,842,537.68 0.00	14.61% 136,228.51	NR / AA Aaa	0.00 0.00
Money Market Fund FI									
262006307	Dreyfus Gov't Cash Management Money Market Fund	18,893,121.81	Various 0.03%	18,893,121.81	1.00 0.03%	18,893,121.81 0.00	3.69% 0.00	Aaa / AAA NR	0.00 0.00
TOTAL Money Market Fund		18,893,121.81	0.03%	18,893,121.81	0.03%	18,893,121.81 0.00	3.69% 0.00	Aaa / AAA NR	0.00 0.00

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2021

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
Municipal Bonds									
649791PP9	New York St Taxable-GO 2.010% Due 02/15/2024	5,000,000.00	10/29/2019 2.01%	5,000,000.00	104.48 0.40%	5,223,750.00 21,216.67	1.02% 223,750.00	Aa2 / AA+ AA+	2.80 2.71
TOTAL Municipal Bonds		5,000,000.00	2.01%	5,000,000.00	0.40%	5,223,750.00 21,216.67	1.02% 223,750.00	Aa2 / AA+ AA+	2.80 2.71
Supranational									
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	100.39 0.21%	2,509,687.50 4,079.86	0.49% 124,587.50	Aaa / NR NR	0.38 0.37
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	101.36 0.16%	3,040,701.00 15,833.33	0.60% 120,051.00	Aaa / NR AAA	0.74 0.73
4581X0CN6	Inter-American Dev Bank Note 1.750% Due 04/14/2022	2,000,000.00	09/27/2018 3.03%	1,914,620.00	101.52 0.15%	2,030,474.00 1,652.78	0.40% 115,854.00	Aaa / AAA AAA	0.96 0.95
TOTAL Supranational		7,500,000.00	2.78%	7,220,370.00	0.17%	7,580,862.50 21,565.97	1.48% 360,492.50	Aaa / AAA Aaa	0.68 0.67
US Treasury									
912828S76	US Treasury Note 1.125% Due 07/31/2021	5,600,000.00	09/26/2019 1.72%	5,540,281.25	100.26 0.08%	5,614,795.20 15,662.98	1.10% 74,513.95	Aaa / AA+ AAA	0.25 0.25
912828D72	US Treasury Note 2.000% Due 08/31/2021	8,500,000.00	10/13/2017 1.81%	8,560,761.72	100.64 0.10%	8,554,034.50 28,641.30	1.68% (6,727.22)	Aaa / AA+ AAA	0.34 0.33

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2021

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
912828T67	US Treasury Note 1.250% Due 10/31/2021	7,700,000.00	11/20/2017 1.96%	7,492,761.72	100.59 0.06%	7,745,722.60 261.55	1.51% 252,960.88	Aaa / AA+ AAA	0.50 0.50
912828U65	US Treasury Note 1.750% Due 11/30/2021	7,500,000.00	09/06/2019 1.55%	7,533,105.47	100.98 0.07%	7,573,830.00 54,807.69	1.49% 40,724.53	Aaa / AA+ AAA	0.59 0.58
912828U81	US Treasury Note 2.000% Due 12/31/2021	5,000,000.00	12/16/2019 1.66%	5,034,375.00	101.28 0.09%	5,063,865.00 33,425.41	1.00% 29,490.00	Aaa / AA+ AAA	0.67 0.66
912828W89	US Treasury Note 1.875% Due 03/31/2022	8,000,000.00	12/23/2019 1.67%	8,035,937.50	101.65 0.08%	8,131,872.00 12,704.92	1.59% 95,934.50	Aaa / AA+ AAA	0.92 0.91
912828WZ9	US Treasury Note 1.750% Due 04/30/2022	2,750,000.00	11/17/2017 2.00%	2,720,781.25	101.66 0.08%	2,795,762.75 131.49	0.55% 74,981.50	Aaa / AA+ AAA	1.00 1.00
912828SV3	US Treasury Note 1.750% Due 05/15/2022	8,200,000.00	12/05/2017 2.09%	8,080,843.75	101.73 0.09%	8,341,581.20 66,200.28	1.64% 260,737.45	Aaa / AA+ AAA	1.04 1.03
912828XW5	US Treasury Note 1.750% Due 06/30/2022	8,200,000.00	12/05/2017 2.13%	8,063,546.88	101.93 0.10%	8,358,235.40 47,965.47	1.64% 294,688.52	Aaa / AA+ AAA	1.17 1.16
9128282P4	US Treasury Note 1.875% Due 07/31/2022	8,000,000.00	12/23/2019 1.68%	8,039,375.00	102.23 0.10%	8,178,128.00 37,292.82	1.60% 138,753.00	Aaa / AA+ AAA	1.25 1.24
912828L24	US Treasury Note 1.875% Due 08/31/2022	8,200,000.00	12/05/2017 2.14%	8,101,984.38	102.34 0.12%	8,392,191.60 25,903.53	1.64% 290,207.22	Aaa / AA+ AAA	1.34 1.32
912828L57	US Treasury Note 1.750% Due 09/30/2022	10,500,000.00	01/19/2018 2.39%	10,204,277.34	102.31 0.12%	10,742,812.50 15,563.52	2.10% 538,535.16	Aaa / AA+ AAA	1.42 1.40
912828M80	US Treasury Note 2.000% Due 11/30/2022	8,000,000.00	12/16/2019 1.66%	8,079,062.50	102.95 0.14%	8,235,624.00 66,813.19	1.62% 156,561.50	Aaa / AA+ AAA	1.59 1.56
912828R69	US Treasury Note 1.625% Due 05/31/2023	8,000,000.00	12/23/2019 1.70%	7,978,750.00	102.98 0.19%	8,238,440.00 54,285.71	1.62% 259,690.00	Aaa / AA+ AAA	2.08 2.04

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2021

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
912828V80	US Treasury Note 2.250% Due 01/31/2024	5,650,000.00	Various 2.14%	5,675,003.91	105.37 0.29%	5,953,467.15 31,605.67	1.17% 278,463.24	Aaa / AA+ AAA	2.76 2.67
TOTAL US Treasury		109,800,000.00	1.90%	109,140,847.67	0.11%	111,920,361.90 491,265.53	21.95% 2,779,514.23	Aaa / AA+ Aaa	1.14 1.13
TOTAL PORTFOLIO		486,301,352.64	1.49%	501,414,456.65	0.34%	510,409,587.20 1,772,915.51	100.00% 8,995,130.55	Aa1 / AA+ Aaa	0.99 0.95
TOTAL MARKET VALUE PLUS ACCRUALS						512,182,502.71			

Transactions Ledger

SDCRAA Consolidated - Account #10566

April 1, 2021 through April 30, 2021

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Security Contribution	04/22/2021	90LAIF\$00	13,000,000.00	Local Agency Investment Fund State Pool	1.000		13,000,000.00	0.00	13,000,000.00	0.00
	Subtotal		13,000,000.00				13,000,000.00	0.00	13,000,000.00	0.00
TOTAL ACQUISITIONS			13,000,000.00				13,000,000.00	0.00	13,000,000.00	0.00

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Maturity	04/01/2021	911312BP0	2,280,000.00	UPS Note 2.05% Due: 04/01/2021	100.000		2,280,000.00	0.00	2,280,000.00	3,602.40
Maturity	04/08/2021	9127964X4	11,000,000.00	US Treasury Bill 0.056% Due: 04/08/2021	100.000		11,000,000.00	0.00	11,000,000.00	0.00
Maturity	04/30/2021	912828WG1	7,700,000.00	US Treasury Note 2.25% Due: 04/30/2021	100.000		7,700,000.00	0.00	7,700,000.00	-89,632.81
	Subtotal		20,980,000.00				20,980,000.00	0.00	20,980,000.00	-86,030.41
TOTAL DISPOSITIONS			20,980,000.00				20,980,000.00	0.00	20,980,000.00	-86,030.41

Transactions Ledger for Bonds

SDCRAA Consolidated Bond Reserves - Account #10592

April 1, 2021 through April 30, 2021

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Security Withdrawal	4/28/2021	90CASH\$00	2,170.52	Custodial Cash	1.000		2,170.52	0.00	2,170.52	0.00
Security Withdrawal	4/28/2021	90CASH\$00	29,604.43	Custodial Cash	1.000		29,604.43	0.00	29,604.43	0.00
	Subtotal		31,774.95				31,774.95	0.00	31,774.95	0.00
TOTAL DISPOSITIONS			31,774.95				31,774.95	0.00	31,774.95	0.00

Important Disclosures

2021 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

Benchmark Disclosures

ICE BAML 0-5 Yr US Treasury Index

The ICE BAML 0-5 Year US Treasury Index tracks the performance of US Dollar denominated Sovereign debt publicly issued by the US government in its domestic market with maturities less than three years. Qualifying securities must have at least 18 months to maturity at point of issuance, at least one month and less than five years remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$1 billion. (Index: GVQA. Please visit www.mlindex.ml.com for more information)

Finance Committee Staff Report

Meeting Date: May 24, 2021

Subject:

Annual Review of Authority Policy 4.40 – Debt Issuance and Management

Recommendation:

Forward this item to the Board with a recommendation to approve amendments to Authority Policy 4.40 - Guidelines for Debt Issuance and Management.

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

Meeting Date: May 24, 2021

Current events and the impacts of the COVID-19 pandemic are unprecedented. Target debt affordability indicators for the Authority were established prior to the impacts of the COVID-19 pandemic. Language was included in last year's Policy update to reflect the uncertain impact of the pandemic and this year's proposed updates seek to clarify the Authority's approach to its debt targets in light of the ongoing pandemic. The proposed Policy changes state:

- The Authority suspended the debt per enplanement target in FY 2020 and this will continue in FY 2021 and FY 2022 and will be regularly reviewed as the New T1 program is advanced and passenger traffic stabilizes.
- The near-term goal (FY2021 and 2022) of meeting rate covenants and maintaining liquidity.
- The Authority will utilize Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act), and the American Rescue Plan Act (ARP Act) grants to pay debt service and operating expenses in FY 2021 and FY 2022, as it did in FY 2020.

The proposed Policy was also updated to include:

- SOFR (Secured Overnight Financing Rate) as a benchmark that may be used as a replacement for the LIBOR (London Interbank Offered Rate) which is to be phased out.
- Language to state that the COVID-19 federal relief packages are federal grants and excluded from the definition of Airport Revenues.
- Language regarding the California Debt and Investment Advisory Commission reporting requirements.
- Other Changes recommend in the Policy are minor clarifications and language corrections.

Fiscal Impact:

There is no fiscal impact as a result of the updates to Policy 4.40 Guidelines for Debt Issuance and Management.

Meeting Date: May 24, 2021

Authority Strategies/Focus Areas:

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

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

- A. CEQA: This Board action is not a project 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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Scott Brickner
Vice President, Chief Financial Officer

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING

PART 4.4 - DEBT

SECTION 4.40 - DEBT ISSUANCE AND MANAGEMENT POLICY

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

POLICY STATEMENT:

SECTION I. INTRODUCTION & EXECUTIVE SUMMARY

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

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

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

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

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

SECTION II. ROLES AND RESPONSIBILITIES

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

- 1) Board: The Authority is governed by an appointed board of nine members who represent all areas of San Diego County and three *ex-officio* members. The Board approves all bond issuances as well as the policies and guidelines pursuant to which debt is incurred and issued.
- 2) President/CEO and Vice President/CFO: The Vice President/CFO, under the direction of the President/CEO, is (i) responsible for developing, evaluating, implementing and monitoring the financing plan and debt strategies for the Authority in compliance with this policy, subject to Board approvals; (ii) in charge of federal tax and securities law post-issuance compliance with respect to all debt obligations; (iii) responsible for implementing and ensuring compliance with internal control procedures to ensure proceeds of the Authority’s debt obligations are directed to the intended use; and (iv) responsible for timely submitting to the California Debt and Investment Advisory Commission any annual debt report required under California Government Code Section 8855(k). As of the date of this Policy, an annual report must be submitted no later than seven (7) months after the end of the immediately preceding “reporting period”. A “reporting period” starts on July 1 and ends on June 30.
- 3) Registered Municipal Advisor: The Authority has chosen to deliver a Notice of Representation by Registered Municipal Advisor pursuant to SEC Rule 17 CFR Section 240.15Bal – 1(d)(3)(vi)(B) dated August 27, 2014 to notify investment banking firms that the Authority has retained a ~~F~~financial ~~A~~advisor and, among other things, will rely on advice of the ~~financial~~ ~~Financial A~~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 ~~F~~financial ~~a~~advisor, ~~B~~bond ~~C~~counsel, ~~d~~Disclosure ~~e~~Counsel, investment advisor and ~~u~~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~~five-year forward basis. Both plans will comply with the Policy, paying particular attention to all relevant target debt affordability indicators.

SECTION IV. DEBT TARGETS

The President/CEO and the Vice President/CFO will recommend to the Board the amount, 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 established prior to the unprecedented impacts of the COVID-19 virus and related economic downturn on the worldwide aviation industry in general, as well as the Authority. While the Authority regularly reviews and re-evaluates certain targets from time to time, particularly as the long-term master plan requirements are defined, it is unclear at this time the impacts of the COVID-19 related downturn on long-term demand for air travel and future traffic levels at the Airport. ~~It is possible, under certain scenarios, that traffic activity may not fully recover to prior levels and that certain industry credit medians, including those related to liquidity, leverage and airline rates, may be materially impacted as a result.~~ As in FY 2020, For for FY 2020-2021 and FY 2021-2022, the main debt policy target for the Authority will be compliance with its rate covenants for its outstanding bonds. Given the unprecedented declines in passenger traffic ~~expected for the fourth quarter of in~~ FY 2020-2021 and which is expected to continue for in FY 2021-2022, enplanement-based targets will be suspended as the Authority focuses to meet rate covenants, optimize its liquidity and maintain reasonable rates and charges.

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, t~~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 ~~c~~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 ~~c~~Consultant showing that the forecasted Subordinate Net Revenues are expected to be at least 110% of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations and the proposed Subordinate Obligations to be issued for each year of the forecast period.

3) Annual Debt Service Coverage Target

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

The minimum Debt Service Coverage target for Aggregate Debt Service is:

- 1.40x, where PFCs used to pay debt service and the ~~Federal-federal~~ Interest Subsidy, if any, are added to Net Revenues (rather than deducted from Debt Service) with the sum divided by Aggregate Annual Debt Service for Bonds and Subordinate Obligations and Other Debt Service

This debt service coverage target will be reviewed at least annually by the Authority and its ~~F~~financial ~~A~~advisor to determine appropriate adjustments that may be ~~—~~necessary.

The impacts of the COVID-19 virus and resulting economic repercussions will materially impact passenger traffic forecasts. It is, therefore, anticipated that during Fiscal Year ~~2020 and~~ 2021 and 2022 the Authority will utilize available CARES Act, CRRSA Act and ARP Act grants to pay portions of Debt Service and eligible operating expenses, as in Fiscal Year 2020.

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 New T1 program is advanced and passenger traffic stabilizes. As the Authority advances the new T1 program potential revisions to the CPE targets are anticipated definition and scope of the planned Airport Development Program, the Authority anticipates potential revisions to these CPE targets.~~

~~The impacts of the COVID-19 virus and resulting economic repercussions may have materially impacted long-term FY2021 and will likely impact FY2022 passenger traffic forecasts/volumes. Long-term passenger traffic forecasts may also be materially impacted. If this occurs, the lower level of enplanements may require adjustments for future CPE levels compared to historical medians.~~

5) Debt Per Enplaned Passenger – Target (excluding Special Facility Financing)

The Authority had established a debt (excluding special facility financing) per enplaned passenger goal of no more than \$150 ~~prior to the COVID-19 pandemic and prior to the potential implementation of the New T1. This target was suspended in FY 2020. As passenger traffic recovers and stabilizes, a new target for debt per enplaned passenger will be established. As the Authority advances the~~

~~definition and scope of the planned Airport Development Program, the debt (excluding special facility financing) per enplaned passenger (“EPAX”) target will be established that is compatible with the Airport Development Plan of Finance.~~

The target will be established with reference to 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 had established a debt (excluding special facility financing) per enplaned passenger goal of no more than \$150 prior to the COVID-19 pandemic and prior to the potential implementation of the Airport Development Plan (ADP).~~

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

~~The impacts of the COVID-19 virus and resulting economic repercussions have caused a dramatic decline in passenger levels, as such, FY 2020 and FY 2021 EPAX targets are temporarily suspended. Long-term passenger traffic forecasts may also be materially impacted, if this occurs, the lower level of enplanements may require adjustments to future debt per enplanement levels compared to historical medians.~~

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

The impacts of the COVID-19 virus and resulting economic repercussions may materially impact rating agency and investor perceptions of the volatility of airport revenue bond credits. If this occurs, the Authority may need to increase liquidity targets compared to historical medians.

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 seek to maintain a rating at least in the A1/ A+ category.

SECTION V. TYPES OF FINANCING – DESCRIPTION AND APPROACH

1) Bonds and Subordinate Obligations of the Authority

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

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

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

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

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

2) PFC-Supported Bonds and Subordinate Obligations

The Authority leverages PFCs to support investment in Airport infrastructure and facilities. In order to do this, the Authority may make an irrevocable pledge of PFCs to pay eligible debt service for purposes of compliance with the Additional Bonds Test. The Authority may also deposit additional PFC amounts each year to the debt service

fund to pay debt service on Bonds and Subordinate Obligations that financed PFC eligible projects.

The Authority will not include PFCs in estimates of future revenues pledged to support Annual Debt Service unless approval for their imposition has been obtained or is expected to be obtained from the FAA.

3) Special Facility Financings

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

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

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

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

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

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

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

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

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

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

(B) A pledge of leasehold mortgage or security interest in the underlying asset may be granted to the trustee or Bondholders in certain circumstances, taking into account any value the 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~~ ~~federal~~ AIP and TSA grants or other ~~Federal~~ ~~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 ~~C~~consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under the Master Indenture. Issuance of BANs and GANs should not occur in amounts or result in amortization that would result in the failure by the Authority of its ability to satisfy its rate covenants and the debt coverage goals contained in this Policy.

5) Capital Appreciation Bonds and Zero Coupon Bonds

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

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

6) Commercial Paper

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

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

For purposes of calculating Aggregate Annual Debt Service for a Commercial Paper Program, the principal and interest shall be calculated as if the entire Authorized Amount of such Commercial Paper Program were to be amortized over a term of 35 years commencing in the year in which such Commercial Paper Program is implemented and with substantially level Annual Debt Service payments.

The interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a consultant to be a reasonable market rate for fixed rate Subordinate Obligations of a corresponding term issued under the Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes.

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

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

7) Floating Rate Notes and Revolving Credit Facilities

Floating Rate Notes (FRNs), including Revolving Credit Facilities, are notes that have a variable coupon, equal to a money market reference rate, such as SIFMA (Securities Industry and Financial Markets Association) or LIBOR¹ (~~the~~ London Interbank Offered Rate) or SOFR (Secured Overnight Financing Rate), when effective, or such other industry benchmarks, plus a spread. The spread is a rate that remains constant. At the beginning of each coupon period, the coupon is calculated by taking the fixing of the reference rate for that day and adding the spread. Because the coupon resets based on a short-term index, the issuer is exposed to rising interest rates unless it has swapped the debt to a fixed rate. However, unlike variable rate demand obligations or Commercial Paper, FRNs are not supported by a bank liquidity facility, and therefore do not pose short-range liquidity/refinancing risk to the issuer.

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

8) Equipment Leases

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

9) Installment Payment Agreement

¹ LIBOR (1 month US and 3 month US) will cease to be published after June 30, 2023. Federal regulators have stated that no new financial contracts should utilize LIBOR after December 31, 2021 and any contracts prior to that date should include transition language.

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

10) Direct Loans

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

SECTION VI. FEATURES OF LONG-TERM DEBT

The Vice President/CFO will recommend to the Board the structure and term of long-term debt according to the general policies described below.

1) Selection of Final Maturity and Amortization of Principal

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

2) Use of Capitalized Interest

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

3) Tax Status

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

4) Sizing of Debt Service Reserve Funds

Except in limited circumstances, the Master Indenture and the Master Subordinate Indenture require either the funding of a common Debt Service Reserve Fund in an amount sufficient to satisfy the reserve requirement for all existing and proposed Bonds or Subordinate Obligations under the respective master indenture- participating in such master reserve fund, or the funding of a Debt Service Reserve Fund in an amount

sufficient to satisfy the reserve requirement for only the proposed issue. With each issuance of Bonds or Subordinate Obligations, the Vice President/CFO will compare the costs of funding required increases to the reserve requirement from bond proceeds with the costs of satisfying the reserve requirement through the use of a reserve fund surety. The potential effect on credit ratings will also be considered when comparing reserve requirement funding alternatives.

5) Selection of Redemption Provisions

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

The issuance of non-callable Bonds or Subordinate Obligations should be considered only in special circumstances based upon the specific transaction. Because the issuance of non-callable debt may restrict future financial flexibility, cost will not be the sole determinant in the decision to issue non-callable bonds. The preference of the Authority is to issue debt with standard redemption provisions.

6) Use of Discount Bonds

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

7) Use of Premium Bonds

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

8) Minimum Criteria for Debt Financing Equipment Items

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

SECTION VII. REFUNDING OPPORTUNITIES

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

The refunding criteria will include a comparison of expected present value savings with the option value of the existing callable bonds. Generally, the Authority will pursue refunding opportunities if the expected net present value savings provide sufficient compensation for the exercise of the optional redemption provision. Recommendations as to the sufficiency of the net present value savings will be provided by the Authority's ~~F~~ financial ~~A~~ advisor.

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

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

The following considerations apply when the Authority considers refunding opportunities:

1) Monitor Potential Savings:

The Vice President/CFO with the assistance of the Authority’s **F**inancial **A**dvisor, will monitor on an ongoing basis potential savings available by refinancing outstanding debt of the Authority. Savings will be analyzed on a present value basis by using a percentage of the refunded par amount. All costs and benefits of the refinancing will be taken into account.

2) Target Savings Amounts:

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

<i>Years from the date of first call to Maturity Date of the Bonds</i>	Years to the first Call Date		
	After the First Call Date to Up to 90 Days Before	90 Days to 3 Years Before the First Call Date	More than 3 Years Before the First Call Date
0-5 Years	0.5%	1.0%	2.0%
6-10 Years	1.0%	2.5%	4.0%
11-20 Years	3.0%	4.0%	5.0%

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

3) Other Considerations:

Some refundings may be executed for other than economic purposes, such as to restructure debt, to change the type of debt instrument, or to retire a bond issue and indenture for more desirable covenants. In addition, if the benefits outweigh the costs

and the refunding opportunity would otherwise be lost, the Authority may proceed with a refunding that has economic benefit but does not meet the criteria stated above in the “Target Savings Amount” paragraph above.

4) Non-Traditional Refundings:

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

SECTION VIII. ISSUANCE OF VARIABLE RATE DEBT

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

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

1) Purposes of Variable Rate Debt

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

(A) Interim Financing Tool

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

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

(B) Statement of Net Position Management Tool

The maintenance of Variable Rate Indebtedness, Commercial Paper, FRNs and Revolving Credit Facilities liabilities at a level that takes into consideration the amount of short-term assets maintained by the Authority prudently reduces the Authority’s risk of exposure to changes in interest rates. Since the Authority invests its free cash balances in short term instruments, it is exposed to interest rate fluctuations at the short end of the yield curve. Conversely, a large portion of its liabilities are in the form of

long term, fixed-rated debt. When interest rates fall, the Authority's assets earn less, while its liabilities are fixed. Offsetting this exposure by better matching the variability of earnings on its assets with variable, rather than fixed, rate liabilities serve as a hedge against interest rate risk and reduces the overall cost of funds.

(C) Diversify Investor Base to Lower Costs

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

(D) Management of Negative Arbitrage

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

2) Criteria for Use of Variable Rate Debt

The Authority's net variable rate debt composition (defined as variable rate debt less unrestricted cash reserves) excluding interim financings (defined as financings the Authority intends to take out with permanent long term financings) will not exceed 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/CFO will determine the appropriate method for budgeting the interest cost of variable rate debt by considering historic interest rates, projected interest rates and the effect of risk mitigation products such as interest rate swaps or caps.

5) Monitoring and Reporting

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

SECTION IX. DERIVATIVES

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

SECTION X – METHOD FOR SALE OF DEBT

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

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

Role of Underwriters in Negotiated Sale

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

The book running senior manager, in conjunction with the Financial Advisor, is responsible for developing a time and responsibility schedule that will allow for the timely and successful completion of the financing. The book running senior manager is responsible for communicating the Authority’s plan of finance and timing to the other managing Underwriters in the syndicate.

Underwriter Selection in Negotiated Sale

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

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

Should the Board appoint ~~underwriters~~Underwriters to a pre-qualified pool after an RFP process, the Vice President/CFO may recommend such firms for appointment to specific financings, without a subsequent RFP process.

SECTION XI. INVESTMENT OF BOND PROCEEDS

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

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

1) Compliance with Federal Tax Law

The Vice President/CFO shall establish a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the ~~Federal~~federal tax code and ensure compliance with other ~~Federal~~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~~federal government in a timely manner in order to preserve the tax-exempt status of the Authority's outstanding debt issues that have been issued on a tax-exempt basis.

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

Trustee banks have been appointed for the Authority's outstanding debt. The trustees shall perform all functions and duties required under the terms and conditions set forth

in the respective bond indentures and trust agreements, including maintaining records of fund balances and investments.

2) Initial Disclosure

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

3) Continuing Disclosure

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

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

- (A) Principal and interest payment delinquencies;
- (B) Unscheduled draws on the Debt Service Reserve Funds reflecting financial difficulties;
- (C) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (D) Substitution of credit or liquidity providers, or their failure to perform;
- (E) Adverse tax opinions with respect to the tax status of any bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to any bonds;
- (F) Tender offers;
- (G) Defeasances;
- (H) Rating changes;

(I) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(J) Default, event of acceleration, termination event, modification or terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

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

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

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

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

(B) Modifications to rights of the owners of any bonds;

(C) Optional, unscheduled or contingent bond calls;

(D) Release, substitution or sale of property securing repayment of any bonds;

(E) Non-payment related defaults;

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

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

(H) Incurrence of a Financial Obligation of the Authority, or agreement to covenants, events of default, remedies, priority rights, of other similar terms of a Financial Obligation of the Authority, any of which affect security holders;

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

SECTION XIII. RATINGS AGENCIES AND INVESTOR RELATIONS

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

The Vice President/CFO shall be responsible for implementing and managing the Authority's investor relations program, including the maintenance and periodic updating of the financial information provided on the Authority's web site. The Authority shall attempt to promptly respond to any reasonable inquiry from an institutional or retail investor concerning information generally available to the investing public and in certain circumstances involving significant events affecting the Authority, make voluntary Secondary Market Disclosure pursuant to an EMMA (Electronic Municipal Market Access) filing.

SECTION XIV. AMENDMENTS TO DEBT ISSUANCE AND MANAGEMENT POLICY

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

GLOSSARY (PROVIDED FOR INFORMATIONAL PURPOSES ONLY)

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

Advance Refunding: A refunding that occurs more than 90 days in advance of the first optional redemption date. Under current Internal Revenue Code ~~Provisions~~Provisions, no tax exempt bonds may be advance refunded on a tax-exempt basis.

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

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

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

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

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

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

ARP Act: In March 2021, the President of the United States of America signed the American Rescue Plan Act of 2021, a \$1.9 trillion economic stimulus package designed to help the United States’ economy recover from the adverse impacts of the COVID-10 pandemic. In addition to other economic relief, the ARP Act includes financial relief for certain eligible air carriers and airports.

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.

CARES Act: [The federal Coronavirus Aid, Relief, and Economic Security Act, which became law on March 27, 2020, is one of the actions taken to address the crisis created by the COVID-19 pandemic. The CARES Act provided grant funding to assist airports.](#)

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.

CRRSA Act: [The Coronavirus Response and Relief Supplemental Appropriation Act, signed into law on December 27, 2020, includes nearly \\$2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the COVID-19 pandemic.](#)

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.

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

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

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

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

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

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

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

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

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

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

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

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

New T1: The New Terminal 1 will help the Airport Authority meet the region's passenger demand through the year 2035 by developing a 30-gate replacement facility for Terminal 1 (11 gate net increase) at the San Diego International Airport. The new facility will be accompanied with reconfigured and new taxiways, a close-in parking structure, and associated access and circulation

roadway improvements. Collectively, these projects will enhance the passenger experience, improve airport operating efficiency, and lower carbon emissions.

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

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

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

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

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

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

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

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

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

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

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

SEC Rule 15(c)2-12: A regulation of the SEC which requires underwriters participating in primary offerings of municipal securities of \$1,000,000 or more (i) to obtain, review, and distribute to

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[Amended by Resolution No. 2021-[] dated _____, 2021.]

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

San Diego County Regional Airport Authority

ANNUAL REVIEW OF AUTHORITY POLICY 4.40

Presented by John Dillon, Director, Finance and Risk Management

May 24, 2021



Debt Policy - Overview

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



Debt Policy - Objectives

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

Debt Policy - Objectives

- Explore and implement prudent debt structuring
- Provide the required secondary market disclosure to the rating agencies and investors
- Comply with all federal and state laws and regulations as well as bond indenture and federal tax and securities law compliance

Debt Policy Amendments: COVID-19 impacts

Section (IV) Debt Affordability Targets.

- Current debt affordability targets were established prior to the unprecedented effects of the COVID-19 virus
- Certain industry credit medians may be materially impacted by pandemic
- For FY 2021 and FY 2022, the main debt policy targets for the Authority will be compliance with its rate covenants and optimizing liquidity
- Debt per Enplanement target is suspended in FY 2022
- The Authority will regularly review and update the targets as it evaluates the potential implementation of The New T1 and traffic recovers from the pandemic
- Federal Relief Grants utilized to pay debt service and eligible operating expenses

Debt Policy Amendments

Section (IV) Debt Targets

Simplified debt target language for FY 2022

“... it is unclear at this time the impacts of the COVID-19 related downturn on long-term demand for air travel and future traffic levels at the Airport. ~~It is possible, under certain scenarios, that traffic activity may not fully recover to prior levels and that certain industry credit medians, including those related to liquidity, leverage and airline rates, may be materially impacted as a result.~~ As in FY 2020, ~~F~~for FY ~~2020~~ 2021 and FY ~~2021~~2022, the main debt policy target for the Authority will be compliance with its rate covenants for its outstanding bonds”

Debt Policy Amendments

Section (IV) Debt Targets

Added language to confirm enplanement-based targets are suspended for FY 2022

“Given the unprecedented declines in passenger traffic ~~expected for the fourth quarter of~~ in FY ~~2020 2021~~ and which is expected to continue for in FY ~~2021~~2022, enplanement-based targets will be suspended as the Authority focuses to meet rate covenants, optimize its liquidity and maintain reasonable rates and charges.”

Debt Policy Amendments

Section (IV) (3) Targets for Annual Debt Service Coverage

Added language to state the Authority's intention to continue utilize federal relief grants to pay portions of debt service and operating expenses in FY 2021 and FY 2022 to assist tenants and strengthen coverage levels

“The impacts of the COVID-19 virus and resulting economic repercussions will materially impact passenger traffic forecasts. It is, therefore, anticipated that during **Fiscal Year ~~2020~~ 2021 and 2022** the Authority will utilize available CARES Act, **CRRSA Act and ARP Act** grants to pay portions of debt service **and eligible operating expenses, as in Fiscal Year 2020.**”

Debt Policy Amendments

Section (IV) (4) Airline Costs Per Enplaned Passenger Target

Streamlined language to clarify the Authority's intent to maintain Competitive CPE target

“The Authority will regularly review and monitor CPE and seek to maintain a competitive rate ~~as the New T1 program is advanced and passenger traffic stabilizes. As the Authority advances definition and scope of the planned Airport Development Program, the Authority anticipates potential revisions to these CPE targets.~~

~~The impacts of the COVID-19 virus and resulting economic repercussions may materially impact long-term passenger traffic forecasts. If this occurs, the lower level of enplanements may require adjustments for future CPE levels compared to historical medians.”~~

Debt Policy Amendments

Section (IV) (5) Debt Per Enplaned Passenger – Target

Clarified language to stating Authority's intention to further evaluate the target when passenger traffic stabilizes

“The Authority had established a debt (excluding special facility financing) per enplaned passenger goal of no more than \$150 ~~As the Authority advances the definition and scope of the planned Airport Development Program, the debt (excluding special facility financing) per enplaned passenger (“EPAX”) target will be established that is compatible with the Airport Development Plan of Finance.~~ prior to the COVID-19 pandemic and prior to the potential implementation of the New T1. This target was suspended in FY 2020. As passenger traffic recovers and stabilizes, a new target for debt per enplaned passenger will be established.”

Debt Policy Amendments

Section (II) (2) Roles and Responsibilities

Added language regarding the California Debt and Investment Advisory Commission reporting requirements

“(iv) responsible for timely submitting to the California Debt and Investment Advisory Commission any annual debt report required under California Government Code Section 8855(k). **As of the date of this Policy, an annual report must be submitted no later than seven (7) months after the end of the immediately preceding “reporting period”. A “reporting period” starts on July 1 and ends on June 30.**”

Debt Policy Amendments

Section (V) (1) Bonds and Subordinate Obligations of the Authority

Added language to state that the COVID-19 federal relief packages are federal grants and excluded from the definition of Airport Revenues

“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...Among other things, Revenues specifically exclude:

(C) State and/or federal grants **(which would include CARES Act, CRRSA Act and ARP Act Grants)**”

Debt Policy Amendments

Section (V) (7) Floating Rate Notes and Revolving Credit Facilities

Included the SOFR benchmark in Policy which is the proposed LIBOR replacement

“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 LIBOR¹ (~~the~~ London Interbank Offered Rate) or SOFR (Secured Overnight Financing Rate), when effective, or such other industry benchmarks, plus a spread.”

“¹LIBOR (1 month US and 3 month US) will cease to be published after June 30, 2023. Federal regulators have stated that no new financial contracts should utilize LIBOR after December 31, 2021 and any contracts prior to that date should include transition language.”

| Next Steps

- Forward Resolution approving amendments to Authority Policy 4.40 - Debt Issuance and Management to the Board for approval

Questions?

Finance Committee Staff Report

Meeting Date: May 24, 2021

Subject:

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

Recommendation:

Forward this item to the Board with a recommendation to approve amendments to Authority Policy 4.20 - Guidelines for Prudent Investments, and delegate authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer.

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. During the Current COVID-19 pandemic and resulting economic fallout the investment policy has helped ensure the Authority maintains healthy liquidity and preserves investment security.

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. (California Government Code)

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

Meeting Date: May 24, 2021

Adding Asset Backed Securities, Mortgage Backed Securities, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations to authorized investments. These are securities that are collateralized by an underlying asset e.g., mortgages or other types of loans. California Government Code allows up to 20% of the portfolio to be investment in this type of security, with no more than 5% in a single issuer and rated AA or better. The Policy update proposes allowing up to 10% of the portfolio to be directed to these assets but mirrors the California Government Code in other respects. This change will offer increased diversification and yield opportunities. Definitions for these securities are added to the Policy's glossary of terms.

Existing law generally prohibits a local agency from investing any funds in a security that could result in zero or negative interest if held to maturity. It is recommended that changes in language be made to reflect the recent amendment to the California Government Code that creates an exception to this prohibition by authorizing a local agency to invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest if held to maturity. Currently, interest rates in the United States have not dropped below zero, but short-term rates currently hover close to zero and in other jurisdictions (e.g., Japan) negative interest rates still prevail. The Authority would only purchase such negative interest securities in exigent circumstances and after all other options have been exhausted and such securities would be purchased with the goal of ensuring the safety and liquidity of the Authority's funds. Further, this provision will sunset on January 1, 2026.

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

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

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

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

Meeting Date: May 24, 2021

Fiscal Impact:

Policy changes will support the objectives of protecting principal, ensuring liquidity and seeking investment returns.

Authority Strategies/Focus Areas:

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

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

A. CEQA: This Board action is not a project 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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable

Prepared by:

Scott Brickner
Vice President, Chief Financial Officer/Treasurer

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING
PART 4.2 - INVESTMENTS
SECTION 4.20 - POLICY GUIDELINES FOR PRUDENT INVESTMENTS

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

POLICY STATEMENT:

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

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

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

(2) Objectives.

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

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

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

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

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

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

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

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

(3) Authority to Invest Funds.

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

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

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

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

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

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

(5) Placement of Trade Execution Orders.

(a) Whenever possible, investment transactions shall be made via a competitive process to ensure the Authority's security transactions are made on terms most favorable to the Authority. Trade execution shall be only through firms registered with the Financial Industry Regulatory Authority (FINRA) and approved by the Treasurer. To ensure security transactions are made via the most competitive process, solicitation of bids to transact a security trade shall be provided equally to all security dealers approved by the Treasurer pursuant to the section (5)(b) of this policy. When purchasing new issue securities, no competitive process will be required as all dealers in the selling group offer the securities at the same original issue price. This policy permits the Authority to purchase investments directly from approved issuers who require no competitive process (e.g., Local Agency Investment Fund (LAIF), the San Diego County Investment Pool (SDCIP), and Local Government Investment Pools (LGIPs),

(b) Other than investments with depository institutions and approved pools, the Treasurer shall only execute trades with security dealers that have been approved to execute security trades on behalf of the Authority. Prior to approving a security dealer to execute security trades, the Treasurer shall determine that the dealer is fully qualified to execute security trades for the Authority. In evaluating whether a specific dealer is so qualified, the Treasurer shall evaluate, at a minimum, the dealer's security registration, financial condition, standing in the investment community, and experience with security trades of the nature to be executed on behalf of the Authority. To be qualified, all financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following information on an annual basis: (1) audited financial statements; (2) proof of Financial Industry Regulatory Authority (FINRA) certification; (3) a trading resolution; (4) proof of California registration; and (5) a completed broker/dealer questionnaire.

(c) Where the Board has approved a contract for a registered independent investment advisor to assist the Treasurer in the discharge of the investment responsibilities, the Treasurer may rely on the advisor's assurances that specific security dealers are fully qualified to execute trades on behalf of the Authority. The investment advisor shall provide such assurances in writing and shall renew the assurances based on an annual review of the financial condition and registrations of qualified bidders.

(6) Authorized Investments.

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

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

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

(c) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the portfolio. No more than 10% of the portfolio may be invested in a single Supranational issuer. Cal. Gov. Code §53601(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 5% of the market value of the portfolio may be invested in banker's acceptances issued by any one bank. Cal. Gov. Code §53601(g)

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

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

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

Eligible commercial paper shall have a maturity of 270 days or less. No more than 25% of the market value of the portfolio may be invested in commercial paper. No more than 5% of the market value of the portfolio may be invested in the commercial paper of any single issuer. The amount invested in commercial paper of any one issuer in combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53601(h)

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

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

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

(i) Medium Term Notes (MTNs), defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States rated in a rating category of “A” or its equivalent or better by a NRSRO and be issued by a corporation organized and operating within the United States. The aggregate total of MTNs may not exceed 20% of the market value of the investment portfolio. The amount invested in MTNs of any one issuer in

combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53601(k)

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

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

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

The term of the agreement may not exceed one year.

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

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

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

(mk) 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.

(nl) 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.

~~(om)~~ 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.

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

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

~~(qe)~~ 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)

(rp) The Authority may invest in: (i) Registered state warrants or treasury notes or bonds of this state including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of this state; (ii) Registered treasury notes or bonds issued by any of the other 49 States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state; and (iii) Bonds, notes, warrants or other evidence of debt issued by a local agency or municipality located within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Securities eligible for investment under this paragraph shall be rated in a rating category of "A" or its equivalent or better by a NRSRO. Purchase of securities authorized by this subdivision may not exceed 20% of the Authority's portfolio. The amount invested with any one issuer shall not exceed 5% of the portfolio. Cal. Gov. Code §53601 (c), (d), (e).

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

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

(i) Valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, and

(ii) Held by any Federal Reserve Bank or a depository acceptable to the Treasurer or any Authority bond trustee, and

- (iii) Subject to a perfected first lien on behalf of the Authority or any bond trustee and free and clear from all third-party liens

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

(7) Prohibited Investments. Investments not described herein, including but not limited to, inverse floating rate notes, range notes, interest-only strips that are derived from a pool of mortgages, and common stocks are prohibited from use in this portfolio. The Authority shall not invest any funds in any security that could result in zero or negative interest accrual ~~and zero discount accretion~~ if held to maturity unless they are securities issued or backed by the U.S. Government under a provision sunseting on January 1, 2026 and the Authority has exhausted all other potential investment options to avoid a zero or negative interest accrual. Cal. Gov. Code §53601.6.

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

All investment officers shall be bonded.

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

(10) Reporting Requirements.

(a) In accordance with Cal. Gov. Code §53646, on a quarterly basis, the Authority's Treasurer shall prepare in accordance with GAAP and GASB 31 a report detailing investments

and investment activity and transmit same to the Executive Officer, the Internal Auditor and the Board.

- (i) The report shall be submitted within 30 days of the end of the quarter covered by the report.
- (ii) The report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and monies held by the Authority.
- (iii) The report shall include a description of any funds, investments, or programs that are under the management of contracted persons.
- (iv) The report shall also include a current market value on a market-to-market basis as of the report date using an established identified independent source for the valuation.
- (v) The report shall state compliance of the portfolio to the statement of investment policy or the manner in which it is not in compliance.
- (vi) The report shall state the Authority's ability to meet its budgeted expenditure requirements for the next six months or to explain why sufficient money may not be available.

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

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

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

In addition, the Authority's Treasurer shall:

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

adapt readily to changing market conditions and shall submit to the Board any modification to the investment policy prior to implementation.

(12) Glossary of Terms.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Federal National Mortgage Association (FNMA or “Fannie Mae”): The Federal National Mortgage Association (FNMA), commonly referred to as “Fannie Mae”, was

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

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

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

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

International Bank for Reconstruction and Development (IBRD or World Bank). The International Bank for Reconstruction and Development was created in 1944 to help Europe rebuild after World War II. Today, its purpose is to assist with reconstruction and poverty reduction through an inclusive and sustainable globalization. The IBRD is owned and governed by its member governments. The United States is the IBRD's leading shareholder.

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

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

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

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

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

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

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

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

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

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

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

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

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

Negotiable Certificate of Deposit (NCD): A type of CD that is at least \$100,000 and can also be traded on a highly liquid secondary market.

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

Portfolio: Collection of securities held by an investor.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[Amended by Resolution No. 2018-0133 dated December 6, 2018.]
[Amended by Resolution No. 2018-0056 dated June 7, 2018]
[Amended by Resolution No. 2017-0049 dated June 1, 2017]
[Amended by Resolution No. 2016-0040 dated May 19, 2016]
[Amended by Resolution No. 2015-0043 dated May 21, 2015]
[Amended by Resolution No. 2014-0051 dated June 5, 2014]
[Amended by Resolution No. 2013-0049 dated June 6, 2013]
[Amended by Resolution No. 2012-0059 dated June 7, 2012]
[Amended by Resolution No. 2011-0064 dated June 2, 2011]
[Amended by Resolution No. 2010-0059 dated June 3, 2010]
[Amended by Resolution No. 2009-0123 dated October 1, 2009]
[Amended by Resolution No. 2008-0118 dated September 4, 2008]
[Amended by Resolution No. 2006-0010 dated February 6, 2006]
[Amended by Resolution No. 2005-0102 dated September 8, 2005]
[Amended by Resolution No. 2004-0133 dated December 6, 2004]
[Amended by Resolution No. 2004-0100 dated October 4, 2004]
[Amended by Resolution No. 2004-0032 dated April 5, 2004]
[Adopted Resolution No. 2002-02 dated September 20, 2002]

San Diego County Regional Airport Authority

Item 5

ANNUAL REVIEW OF AUTHORITY POLICY 4.20

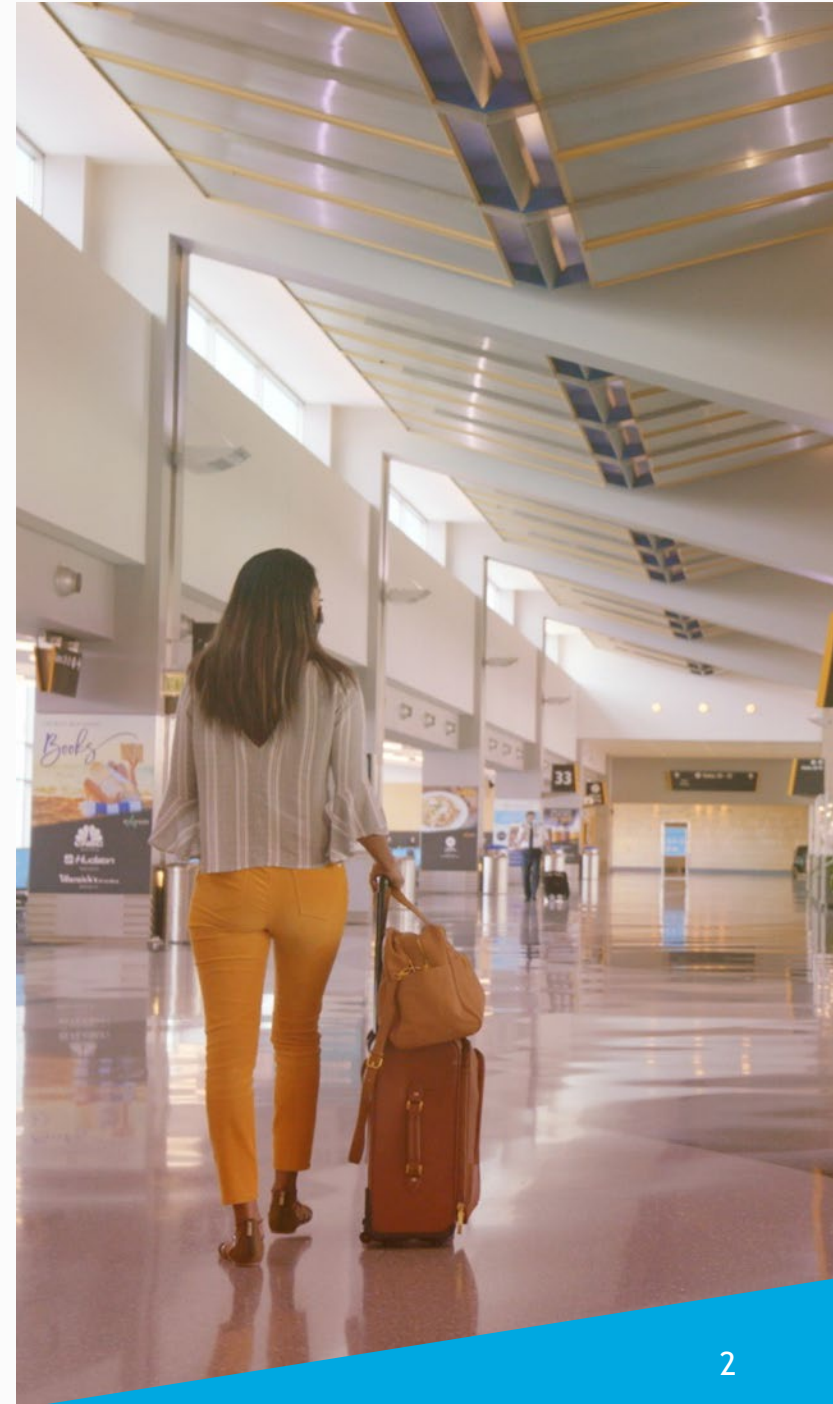
**Review of Investment Policy, Guidelines for Prudent Investments,
and Delegation of Authority to Invest and Manage
Authority Funds to the Vice President, Chief Financial
Officer/Treasurer**

Presented by Geoff Bryant, Finance Manager

May 24, 2021

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
- Pertinent during current COVID-19 crisis.
- 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 2021 UPDATES

Section (6) Authorized Investments

Added Asset Backed Securities, Mortgage Backed Securities, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations to Authorized investments

- Securities that are collateralized by an underlying asset e.g., mortgages or other types of loans
- State code allows for 20% of portfolio. Authority Policy will be set at 10%
- Minimum AA rated
- No single issuer greater than 5% (Unless US Treasury)
- Provide portfolio diversification and improved yield opportunity

Investment Policy 2021 UPDATES

Section (7) Prohibited Investments

“Prohibited Investments... The Authority shall not invest any funds in any security that could result in zero **or negative** interest accrual ~~and zero discount accretion~~ if held to maturity **unless they are securities issued or backed by the U.S. Government under a provision sunseting on January 1, 2026 and the Authority has exhausted all other potential investment options to avoid a zero or negative interest accrual.** Cal. Gov. Code §53601.6.”

- State Law amended on January 1, 2021
- These securities would be purchased only in exigent circumstances with the goal of ensuring the safety and liquidity of the Authority’s funds

Delegation of Investment Authority

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

6

Action Requested

Forward Resolution to the Board for approval:

- approving amendments to Authority Policy 4.20– Investment Policy
- delegating the authority to invest and manage funds to the Vice President, Chief Financial Officer/Treasurer

7

Questions?

San Diego Community Power

Brendan Reed
Cogan Semler

May 24, 2021

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

San Diego Community Power (SCDP)

SDCP Impact for SAN

- The SAN electrical commodity portion of utility accounts are scheduled to transition from SDGE to SDCP on June 1st.
- We recommend SAN entrance into the SDCP Power100 program which shows a \$700,000 savings when compared to the estimated FY22 budget for SDGEs Ecochoice program where we currently reside.
- The Power100 program will provide SAN with 100% renewable energy.

SDCP Overview

- San Diego Community Power (SDCP) is a Community Choice Aggregator (CCA) committed to providing clean, renewable energy choices at competitive rates and investing in innovative programs that benefit residents, businesses, the environment and the economy in our communities.
- CCAs are locally-run, not-for-profit energy providers that benefit local communities by providing local control of energy choices, focusing on people rather than profits and creating a cost competitive, proven path to 100 percent renewable energy.

ITEM 7

**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:**

**There are no materials for this item
at this time.**

Item 8

DRAFT **Board Meeting Agenda**

Thursday, June 3, 2021
9:00 A.M.

San Diego International Airport
SDCRAA Administration Building
3225 N. Harbor Drive
San Diego, California 92101

Board Members

Johanna Schiavoni (Chair)
Paul Robinson (Vice Chair)
Catherine Blakespear
Gil Cabrera
Mary Casillas Salas
Robert T. Lloyd
Paul McNamara
Nora E. Vargas
Marni von Wilpert

Ex-Officio Board Members

Gustavo Dallarda
Col. Charles B. Dockery
Gayle Miller

President/CEO

Kimberly J. Becker

This meeting of the Board of the San Diego County Regional Airport Authority Board will be conducted pursuant to the provisions of California Executive Order N-29-20 which suspends certain requirements of the Ralph M. Brown Act. During the current State of Emergency and in the interest of public health, all Board members will be participating in the meeting electronically. In accordance with the Executive Order, there will be no members of the public in attendance at the Board Meeting. We are providing alternatives to in-person attendance for viewing and participating in the meeting. In lieu of in-person attendance, members of the public may submit their comments in the following manner.

Comment on Non-Agenda Items

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Thursday, June 3, 2021

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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 Board Services and are available for public inspection.

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Thursday, June 3, 2021

CALL TO ORDER:

ROLL CALL:

PRESENTATIONS:

A. SMALL BUSINESS DEVELOPMENT UPDATE:

Presented by Hampton Brown, Vice President, Revenue, Marketing & Innovation

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

- **AUDIT COMMITTEE:**
Committee Members: Blakespear, Casillas Salas, Lloyd, Vann (Chair), Van Sambeek, Vargas, Wong Nickerson
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
Committee Members: Blakespear, Cabrera, McNamara (Chair), Schiavoni, von Wilpert
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Committee Members: McNamara, Robinson (Chair), Schiavoni, Vargas
- **FINANCE COMMITTEE:**
Committee Members: Cabrera, Casillas Salas, Lloyd (Chair), Vargas, von Wilpert

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Liaison: Casillas Salas (Primary), Robinson
- **ARTS ADVISORY COMMITTEE:**
Committee Member: Robert H. Gleason

LIAISONS

- **CALTRANS:**
Liaison: Dallarda
- **INTER-GOVERNMENTAL AFFAIRS:**
Liaison: Cabrera

Thursday, June 3, 2021

- **MILITARY AFFAIRS:**
Liaison: Dockery
- **PORT:**
Liaisons: Robinson, Schiavoni (Primary), Vargas
- **WORLD TRADE CENTER:**
Representatives: Robert H. Gleason

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:**
Representative: Robinson, Schiavoni (Primary)
- **SANDAG TRANSPORTATION COMMITTEE:**
Representatives: Cabrera (Primary), Lloyd

CHAIR REPORT:

PRESIDENT/CEO REPORT:

NON-AGENDA PUBLIC COMMENT:

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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:**
RECOMMENDATION: Approve the minutes of the May 6, 2021 regular Board meeting.

Thursday, June 3, 2021

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

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

(Board Services: Tony R. Russell, Director/Authority Clerk)

3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM APRIL 12, 2021 THROUGH MAY 9, 2021 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM APRIL 12, 2021 THROUGH MAY 9, 2021:

RECOMMENDATION: Receive the report.

(Procurement: Jana Vargas, Director)

4. JUNE 2021 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2021-____, approving the June Legislative Report.

(Government Relations: Matt Harris, Director)

5. RESCIND RESOLUTION NO. 2019-0074 AND ADOPT A NEW RESOLUTION FOR THE PRE-APPROVAL OF BOARD MEMBER PARTICIPATION AND REPRESENTATION OF THE AUTHORITY AT MEETINGS, TRAININGS AND EVENTS:

RECOMMENDATION: Rescind Resolution No. 2021-0074 and Adopt Resolution No. 2021-____, pre-approving Board Member participation and representation of the Authority at meetings, trainings and events.

(Board Services: Tony R. Russell, Director/Authority Clerk)

CLAIMS

COMMITTEE RECOMMENDATIONS

6. APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE:

RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2021-____, appointing Gretchen Newsom as a public member of the Audit Committee to commence July 2021 for a three-year term.

(Board Services: Tony R. Russell, Director/Authority Clerk)

Thursday, June 3, 2021

- 7. ANNUAL REVIEW OF AUTHORITY POLICY 4.20 - GUIDELINES FOR PRUDENT INVESTMENTS AND DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, CHIEF FINANCIAL OFFICER:**
RECOMMENDATION: The Finance Committee recommends that the Board Adopt Resolution No. 2021- _____, approving amendments to Authority Policy 4.20 - Guidelines for Prudent Investments, and delegating authority to invest and manage Authority funds to the Vice President, Chief Financial Officer.
(Financial Management: John Dillon, Director)
- 8. ANNUAL REVIEW OF AUTHORITY POLICY 4.40 - DEBT ISSUANCE AND MANAGEMENT:**
RECOMMENDATION: The Finance Committee recommends that the Board Adopt Resolution No. 2021-_____, approving amendments to Authority Policy 4.40 - Guidelines for Debt Issuance and Management.
(Financial Management: John Dillon, Director)
- 9. ACCEPT THE FISCAL YEAR 2021 THIRD QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the report.
(Audit: Lee Parravano, Chief Auditor)
- 10. APPROVE THE REVISION TO THE FISCAL YEAR 2021 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2021-____, approving the revised Audit Plan.
(Audit: Lee Parravano, Chief Auditor)

CONTRACTS AND AGREEMENTS

- 11. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A SECOND AMENDMENT TO THE CONCESSION LEASE WITH IN-TER-SPACE SERVICES, INC., DBA CLEAR CHANNEL AIRPORTS:**
RECOMMENDATION: Adopt Resolution No 2021-_____, approving and authorizing the President/CEO to negotiate and execute a Second Amendment to the Concession Lease with In-Ter-Space Services, Inc., dba Clear Chanel Airports to waive percentage rent when the Authority pays for advertisement using the Authority's concession marketing fund.
(Revenue Generation & Partnership Development: Susan Diekman, Asset Manager)

Thursday, June 3, 2021

12. APPROVE AND AUTHORIZE THE AWARD A CONTRACT TO _____ FOR REFURBISH PASSENGER BOARDING BRIDGES TERMINAL 1 WEST (T1W) AT SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2021-____, awarding a contract to _____ in the amount of \$____ for Project No. 104194D, Refurbish Passenger Boarding Bridges (T1W) at San Diego International Airport.

(Airport Design and Construction: Bob Bolton, Director)

13. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A REIMBURSABLE AGREEMENT WITH THE DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION (FAA) FOR ENGINEERING AND TECHNICAL SUPPORT RELATED TO ADP PACKAGE 2: AIRSIDE IMPROVEMENTS:

RECOMMENDATION: Adopt Resolution No. 2021-____, approving and authorizing the President/CEO to Execute a Reimbursable Agreement between the Department of Transportation Federal Aviation Administration (FAA) and the San Diego County Regional Airport Authority for engineering and technical support related to ADP Package 2: Airside Improvements.

(Airport Design and Construction: Bob Bolton, Director)

14. APPROVE AND AUTHORIZE AN INCREASE IN THE PRESIDENT/CEO'S CHANGE ORDER AUTHORITY AND INCREASE THE CONTRACT DURATION FOR UPGRADE ENGINEERED MASS ARRESTING SYSTEM (EMAS) AT SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2021-____, approving and authorizing an increase in the President/CEO's change order authority from \$144,879.00 to an amount not to exceed \$_____ and an increase in the contract duration from 90 calendar days to 120 calendar days for Project No. 104281 Upgrade Engineered Mass Arresting System (EMAS) at San Diego International Airport.

(Airport Design and Construction: Bob Bolton, Director)

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

15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO AWARD A CONTRACT TO BAKER TILLY US LLP TO PROVIDE ON-CALL CONSTRUCTION AUDIT SERVICES:

RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2021-____, approving and authorizing the President/CEO to negotiate and execute an agreement with Baker Tilly US, LLP to provide On-Call Construction Audit Services, in an amount not to exceed \$1,500,000 for a three-year term with an option for two (2) two year extensions, which may be exercised at the sole discretion of the Authority's President/CEO.

(Audit: Lee Parravano, Chief Auditor)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

16. APPROVE THE FISCAL YEAR 2022 PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2021-____, approving the proposed Audit Plan.

(Audit: Lee Parravano, Chief Auditor)

17. APPROVAL AND ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2022 , THE CAPITAL PROGRAM FOR FISCAL YEARS 2022 - 2026 AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2023:

RECOMMENDATION: : Adopt Resolution No. 2021-____, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2022, the Capital Program for Fiscal Years 2022-2026, and conceptually approving the Operating Budget for Fiscal Year 2023.

(Finance & Risk Management: John Dillon, Director; Maya Dayan, Manager)

18. ACCEPT THE TITLE 14 CODE OF FEDERAL REGULATIONS (CFR) PART 150 NOISE COMPATIBILITY STUDY UPDATE AND AUTHORIZE THE PRESIDENT/CEO TO SUBMIT TO THE FAA FOR THEIR REVIEW:

RECOMMENDATION: Staff recommends acceptance of the Title 14 Code of Federal Regulations (CFR) Part 150 Noise Compatibility Study Update and Authorize the President/CEO to submit to the FAA for their review.

(Planning & Environmental Affairs: Brendan Reed, Director)

19. PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING THE COMPENSATION OF THE PRESIDENT/CEO:

RECOMMENDATION: The Board will be discussing and possibly taking action regarding the employment contract of the President/Chief Executive Officer.

(Talent, Culture, & Capability: Monty Bell, Director)

20. PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING THE COMPENSATION OF THE GENERAL COUNSEL:

RECOMMENDATION: The Board will be discussing and possibly taking action regarding the employment contract of the General Counsel.

(Talent, Culture, & Capability: Monty Bell, Director)

Thursday, June 3, 2021

- 21. PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING THE COMPENSATION OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Board will be discussing and possibly taking action regarding the employment contract of the Chief Auditor.
(Talent, Culture, & Capability: Monty Bell, Director)

CLOSED SESSION:

- 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 – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Quiet Skies San Diego v. San Diego County Regional Airport Authority
San Diego Superior Court Case No. 37-2020-00007998-CU-TT-CTL
- 24. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: City of Coronado v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2020-00039394-CU-TT-CTL
- 25. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of case: In re Advantage Holdco, Inc., et al., Case No. 20-11259-JTD
- 26. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of case: Neighbors Against Noise and Traffic v. City of El Cajon, et al.
San Diego Superior Court Case No. 37-2021-00016823-CU-TT-CTL
- 27. 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: 2
- 28. 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: 1

Thursday, June 3, 2021

29. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

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

Order No. WQ 2019-0005-DWQ by the State Water Resources Control Board pertaining to PFAS

Number of potential cases: 1

30. CONFERENCE WITH LABOR NEGOTIATORS:

Cal. Gov. Code section 54957.6

Agency designated representatives: Angela Shafer-Payne, Monty Bell, Lola Barnes, Greg Halsey, Rod Betts

Employee organization: California Teamsters Local 911

31. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

(Government Code §54956.8)

Property: 2 parcels of land situated in the City of San Diego, County of San Diego, State of California, said parcels being a portion of that 231.21 acre tract of land acquired by Warranty Deed from San Diego Securities Company dated June 4, 1917 and recorded June 9, 1917 in Book 740 at page 61 of Deeds in the Office of the Recorder of San Diego County and a portion of that 180.34 acre tract of land acquired by Deed from the City of San Diego dated December 1, 1916 and recorded September 5, 1917 in Book 739 at page 307 of Deeds in the Office of the Recorder of San Diego County and said parcels being designated for the purpose of this description as Parcel 1 and Parcel 2. Parcel 1- approximately 14.03 acres of land and Parcel 2-approximately 2.39 acres of land as more specifically described in the Lease Agreement between the United States of America and the San Diego County Regional Airport Authority, Authority Lease No. LE-0107.

Agency negotiator: Hampton Brown, Matt Harris, Susan Diekman, Jim DeCock, Amy Gonzalez

Negotiating parties: David Bixler, Michael Oestericher, Russell Rang, Reid Merrill, Curtis Permito- United State of America, Department of the Navy

Under negotiation: Price and terms of payment

32. THREAT TO PUBLIC SERVICES OR FACILITIES:

Consultation with: General Counsel and President/CEO

33. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957

Title: President/Chief Executive Officer

34. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957

Title: General Counsel

Thursday, June 3, 2021

35. 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:

Thursday, June 3, 2021

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

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

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

Additional Meeting Information

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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 Administration Building. Bring your ticket to the third-floor receptionist for validation.

You may also reach the SDCRAA 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.

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Paul Robinson (Vice Chair)
Catherine Blakespear
Gil Cabrera
Mary Casillas Salas
Robert T. Lloyd
Paul McNamara
Nora E. Vargas
Marni von Wilpert

DRAFT

Airport Land Use Commission Agenda

Thursday, June 3, 2021

SDCRAA Administration Building
3225 N. Harbor Drive
San Diego, California 92101

Ex-Officio Board Members

Gustavo Dallarda
Col. Charles B. Dockery
Gayle Miller

President/CEO

Kimberly J. Becker

This meeting of the Airport Land Use Commission of the San Diego County Regional Airport Authority Board will be conducted pursuant to the provisions of California Executive Order N-29-20 which suspends certain requirements of the Ralph M. Brown Act. During the current State of Emergency and in the interest of public health, all Commission members will be participating in the meeting electronically. In accordance with the Executive Order, there will be no members of the public in attendance at the Commission Meeting. We are providing alternatives to in-person attendance for viewing and participating in the meeting. In lieu of in-person attendance, members of the public may submit their comments in the following manner.

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Thursday, June 3, 2021

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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.

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Thursday, June 3, 2021

CALL TO ORDER:

ROLL CALL:

NON-AGENDA PUBLIC COMMENT:

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CONSENT AGENDA (ITEMS 1- 2):

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 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:

RECOMMENDATION: Approve the minutes of the May 6, 2021 regular meeting.

CONSISTENCY DETERMINATIONS

2. REPORT OF DETERMINATIONS OF CONSISTENCY WITH AIRPORT LAND USE COMPATIBILITY PLANS: SAN DIEGO INTERNATIONAL AIRPORT, 3910 CHAPMAN STREET, CITY OF SAN DIEGO, 4645 SANTA MONICA AVENUE, CITY OF SAN DIEGO, 1136 C STREET, CITY OF SAN DIEGO, 3125 PACIFIC HIGHWAY, CITY OF SAN DIEGO; BROWN FIELD MUNICIPAL AIRPORT, GILLESPIE FIELD, MARINE CORP AIR STATION MIRAMAR, MONTGOMERY-GIBBS EXECUTIVE AIRPORT, AND SAN DIEGO INTERNATIONAL AIRPORT, AMENDMENT TO MUNICIPAL CODE FOR SHORT TERM RESIDENTIAL OCCUPANCY REGULATIONS, CITY OF SAN DIEGO.

RECOMMENDATION: Receive the report.

(Planning & Environmental Affairs: Ralph Redman, Manager, Airport Planning)

PUBLIC HEARINGS:

OLD BUSINESS:

Thursday, June 3, 2021

NEW BUSINESS:

3. GENERAL AND SPECIFIC PLAN AMENDMENTS AND ZONE RECLASSIFICATION FOR PEPPERTREE PARK UNITS 9 & 10, FALLBROOK, COUNTY OF SAN DIEGO:

RECOMMENDATION: Adopt Resolution No. 2021-___ ALUC, finding the project inconsistent with the Fallbrook Community Airpark Airport Land Use Compatibility Plan.

(Planning & Environmental Affairs: Ralph Redman, Manager, Airport Planning)

COMMISSION COMMENT:

ADJOURNMENT:

Thursday, June 3, 2021

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

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

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

Additional Meeting Information

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

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

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

You may also reach the SDCRAA 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.