SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Executive/Finance Committee and Special Board Meeting Agenda

Monday, May 23, 2022
9:00 A.M.

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

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. If comments are made to the Committee without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law. ***Please note that agenda items may be taken out of order.***

Staff Reports and documentation relating to each item of business on the Agenda are on file in Board Services and are available for public inspection.

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

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

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

CALL TO ORDER:

ROLL CALL:

Executive Committee

Committee Members: Cabrera (Chair), Casillas Salas, Robinson

Finance Committee

Committee Members: McNamara, Schiavoni (Chair), Sly, von Wilpert

NON-AGENDA PUBLIC COMMENT:

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

Note: Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board and Committee.

EXECUTIVE COMMITTEE:

1. **APPROVAL OF MINUTES:**
   RECOMMENDATION: Approve the minutes of the April 25, 2022, regular meeting.

FINANCE COMMITTEE NEW BUSINESS:

2. **REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE TEN MONTHS ENDED APRIL 30, 2022:**
   Presented by: Elizabeth Stewart, Director, Accounting

3. **REVIEW OF THE AUTHORITY INVESTMENT REPORT AS OF APRIL 30, 2022:**
   Presented by: Geoff Bryant, Manager, Airport Finance

4. **UPDATE ON REVOLVER DRAWS AND OUTSTANDING BALANCES:**
   Presented by: Geoff Bryant, Manager, Airport Finance

5. **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

6. **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

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 JUNE 2, 2022, BOARD MEETING:**
Presented by: Kimberly J. Becker, President/CEO

9. **REVIEW OF THE DRAFT AGENDA FOR THE JUNE 2, 2022, AIRPORT LAND USE COMMISSION MEETING:**
Presented by: Kimberly J. Becker, President/CEO

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT:

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

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

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

Additional Meeting Information

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

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

For those planning to attend the Board meeting, parking is available in the public parking lot located directly to the East of the Administration Building, across Winship Lane. 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 25, 2022
BOARD ROOM

CALL TO ORDER: Chair Cabrera called the Executive-Finance Committee and special Board meeting to order at 9:06 a.m., on Monday, April 25, 2022, in the Board Room of the San Diego International Airport, Administration Building, 3225 N Harbor Drive, San Diego, CA 92101

ROLL CALL:

Executive Committee

Present:	Committee Members:	Cabrera (Chair), Casillas Salas, Robinson
Absent:	Committee Members:	None.

Finance Committee

Present:	Committee Members:	McNamara, Schiavoni (Chair), Sly
Absent:	Committee Members:	von Wilpert

Also Present: Kimberly J. Becker, President/CEO; Lee Kaminetz, General Counsel; Tony R. Russell, Director, Board Services/Authority Clerk; Miranda Roper, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT: None.

EXECUTIVE COMMITTEE:

1. **APPROVAL OF MINUTES**:
RECOMMENDATION: Approve the minutes of the March 28, 2022, regular meeting.

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

FINANCE COMMITTEE NEW BUSINESS:

2. **REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2022**:
Elizabeth Stewart, Director, Accounting, provided a presentation on the Unaudited Financial Statements for the Nine Months Ended March 31, 2022, that included Enplanements; Landed Weights; Total Operating Revenue; Total Operating Expenses; Net Income Loss Summary; Nonoperating Revenues and Expenses; and Statements of Net Position.

Board Member Schiavoni requested that staff add a FY 2019 comparison column to the financial presentation to close out the year.

RECCOMENDATION: Forward this item to the Board with a recommendation for acceptance.

ACTION: Moved by Board Member McNamara and seconded by Board Member Sly to approve staff's recommendation. Motion carried unanimously, noting Board Member von Wilpert as ABSENT

3. **REVIEW OF THE AUTHORITY INVESTMENT REPORT AS OF MARCH 31, 2022**:
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 and Short-Term Debt Proceeds.

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

ACTION: Moved by Board Member McNamara and seconded by Board Member Sly to approve staff's recommendation. Motion carried unanimously, noting Board Member von Wilpert as ABSENT.

4. **UPDATE ON REVOLVER DRAWS AND OUTSTANDING BALANCES**:
Geoff Bryant, Manager, Airport Finance, provided a presentation on the Update on Revolver Draws and Outstanding Balances that included Revolving Credit Facility Balances.

<u>EXECUTIVE COMMITTEE NEW BUSINESS:</u>

5. PRE-APPROVAL OF TRAVEL REQUESTS AND APPROVAL OF BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REQUESTS FOR BOARD MEMBERS, THE PRESIDENT/CEO, THE CHIEF AUDITOR AND GENERAL COUNSEL:
RECOMMENDATION: Pre-approve travel requests and approve Business and Travel Expense Reimbursement Requests.

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

<u>REVIEW OF FUTURE AGENDAS:</u>

6. REVIEW OF THE DRAFT AGENDA FOR MAY 5, 2022, BOARD MEETING:
Kimberly J. Becker, President/CEO, provided an overview of the May 5, 2022, draft Board meeting agenda.

7. REVIEW OF THE DRAFT AGENDA FOR THE MAY 5, 2022, AIRPORT LAND USE COMMISSION MEETING:
Kimberly J. Becker, President/CEO, provided an overview of the May 5, 2022, draft Airport Land Use Commission meeting agenda.

<u>COMMITTEE MEMBER COMMENTS:</u> None.

<u>ADJOURNMENT</u>: The meeting adjourned at 9:34 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY EXECUTIVE COMMITTEE THIS 23RD DAY OF MAY 2022.

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, 2022
(Unaudited)

ASSETS

	April 2022	April 2021
Current assets:		
Cash and investments [(1)]	$ 145,340,634	$ 107,073,701
Tenant lease receivable, net of allowance of 2022: (58,677) and 2021: ($160,012)	16,096,983	15,033,575
Grants receivable	5,145,547	8,078,029
Notes receivable-current portion	2,372,252	2,123,843
Prepaid expenses and other current assets	8,377,974	8,112,018
Total current assets	**177,333,390**	**140,421,166**
Cash designated for capital projects and other [(1)]	49,282,259	118,431,543
Restricted assets:		
Cash and investments:		
Bonds reserve [(1)]	62,380,013	63,145,006
Passenger facility charges and interest unapplied [(1)]	54,372,632	44,778,754
Customer facility charges and interest unapplied [(1)]	25,012,124	29,466,554
SBD Bond Guarantee [(1)]	2,222,300	2,222,300
Bond proceeds held by trustee [(1)]	2,221,468,197	411,278,982
Passenger facility charges receivable	7,843,305	2,604,483
Customer facility charges receivable	2,949,753	1,693,782
Customer facility charges held by trustee	156,636	107,163
OCIP insurance reserve	5,075,108	5,075,108
Total restricted assets	**2,381,480,068**	**560,372,132**
Noncurrent assets:		
Capital assets:		
Land and land improvements	180,048,851	136,757,115
Runways, roads and parking lots	688,375,763	709,054,024
Buildings and structures	1,848,016,953	1,736,183,497
Machinery and equipment	61,712,285	65,386,059
Vehicles	24,502,314	25,836,842
Office furniture and equipment	36,564,832	45,032,462
Works of art	13,980,642	13,980,641
Construction-in-progress	546,300,277	419,343,871
	3,399,501,917	**3,151,574,511**
Less accumulated depreciation	(1,395,526,272)	(1,335,310,183)
Total capital assets, net	**2,003,975,645**	**1,816,264,328**
Other assets:		
Notes receivable - long-term portion	19,496,827	25,729,958
Investments-long-term portion [(1)]	243,662,579	145,539,718
Net pension and OPEB Asset	10,644,261	2,136,494
Security deposit	1,055,034	414,833
Total other assets	**274,858,701**	**173,821,003**
Deferred outflows of resources:		
Deferred pension outflows	18,918,005	20,266,794
Deferred OPEB outflows	1,549,197	1,100,149
Deferred POB outflows	925,502	550,511
Total assets and deferred outflows of resources	**$ 4,908,322,767**	**$ 2,831,227,626**

[(1)] *Total cash and investments, $2,803,740,738 for 2022 and $921,936,558 for 2021*

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Net Position
as of April 30, 2022
(Unaudited)

LIABILITIES AND NET POSITION

	April 2022	April 2021
Current liabilities:		
Accounts payable and accrued liabilities	$ 95,970,503	$ 57,672,208
Deposits and other current liabilities	27,187,869	3,973,201
Total current liabilities	**123,158,372**	**61,645,409**
Current liabilities - payable from restricted assets:		
Current portion of long-term debt	40,160,000	36,520,000
Accrued interest on bonds and variable debt	53,713,993	27,231,800
Total liabilities payable from restricted assets	**93,873,993**	**63,751,800**
Long-term liabilities:		
Other long-term liabilities	66,160,905	13,440,332
Long term debt - bonds net of amortized premium	3,632,192,055	1,801,391,621
Net pension liability	-	15,961,502
Total long-term liabilities	**3,778,452,960**	**1,830,793,455**
Total liabilities	**3,995,485,325**	**1,956,190,664**
Deferred inflows of resources:		
Deferred pension inflows	26,976,051	6,190,685
Deferred OPEB inflows	890,973	1,400,369
Deferred POB inflows	200,876	218,627
Deferred Inflows Bond Refunding	10,027,250	3,902,077
Total liabilities and deferred inflows of resources	**$ 4,033,580,475**	**$ 1,967,902,422**
Net Position:		
Invested in capital assets, net of related debt	410,892,652	379,564,072
Other restricted	164,929,474	154,060,227
Unrestricted:		
Designated	77,170,147	93,133,307
Undesignated	221,750,019	236,567,598
Total Net Position	**$ 874,742,292**	**$ 863,325,204**

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
For the Month Ended April 30, 2022
(Unaudited)

	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating revenues:					
Aviation revenue:					
Landing fees	$ 2,888,992	$ 2,571,491	$ (317,501)	(11)%	$ 3,336,412
Aircraft parking Fees	781,302	637,088	(144,214)	(18)%	744,812
Building rentals	8,371,471	6,754,561	(1,616,910)	(19)%	9,133,753
CUPPS Support Charges	707,255	569,113	(138,142)	(20)%	1,047,854
Other aviation revenue	(254,669)	(398,212)	(143,543)	(56)%	9,876
Terminal rent non-airline	216,261	220,999	4,738	2%	221,691
Terminal concessions	1,192,132	2,742,462	1,550,330	130%	2,297,460
Terminal Concessions-Revenue Waived	-	(204,299)	(204,299)	-	(1,184,007)
Rental car license fees	1,616,717	3,583,943	1,967,226	122%	2,194,906
Rental car center cost recovery	79,140	158,279	79,139	100%	160,368
Rental Car-Revenue Waived	-	-	-	-	(467,888)
License fees other	341,181	700,454	359,273	105%	292,978
Parking revenue	2,449,463	4,270,591	1,821,128	74%	2,443,997
Ground transportation permits and citations	637,661	1,220,181	582,520	91%	532,792
Ground rentals	1,905,307	1,932,799	27,492	1%	1,766,939
Grant reimbursements	32,266	24,000	(8,266)	(26)%	30,757
Other operating revenue	85,769	298,932	213,163	249%	130,007
Total operating revenues	**21,050,248**	**25,082,382**	**4,032,134**	**19%**	**22,692,707**
Operating expenses:					
Salaries and benefits	4,016,947	3,796,143	220,804	5%	3,820,492
Contractual services	3,022,601	3,403,845	(381,244)	(13)%	2,049,692
Safety and security	2,882,260	2,635,250	247,010	9%	2,765,659
Space rental	889,487	876,063	13,424	2%	860,016
Utilities	1,365,260	1,270,828	94,432	7%	1,059,471
Maintenance	1,073,006	729,318	343,688	32%	768,114
Equipment and systems	49,042	49,503	(461)	(1)%	10,842
Materials and supplies	45,827	55,828	(10,001)	(22)%	16,903
Insurance	137,158	132,746	4,412	3%	114,305
Employee development and support	46,281	68,335	(22,054)	(48)%	59,047
Business development	72,722	111,444	(38,722)	(53)%	37,640
Equipment rentals and repairs	406,026	300,866	105,160	26%	302,473
Total operating expenses	**14,006,617**	**13,430,169**	**576,448**	**4%**	**11,864,654**
Depreciation	10,748,039	10,748,039	-	-	10,482,820
Operating income (loss)	**(3,704,408)**	**904,174**	**4,608,582**	**124%**	**345,233**
Nonoperating revenue (expenses):					
Passenger facility charges	1,961,441	4,907,828	2,946,387	150%	3,288,337
Customer facility charges	1,810,173	2,928,699	1,118,526	62%	1,595,082
Federal Relief Grants	-	8,348,220	8,348,220	-	10,530,110
Quieter Home Program	(162,878)	(244,367)	(81,489)	(50)%	(761,772)
Interest income	790,687	1,284,846	494,159	62%	989,037
Interest expense	(6,797,646)	(12,133,622)	(5,335,976)	(78)%	(6,848,761)
Bond amortization costs	1,124,075	2,258,383	1,134,308	101%	1,159,042
Other nonoperating income (expenses)	-	(9,642,364)	(9,642,364)	-	(1,610,128)
Nonoperating revenue, net	**(1,274,148)**	**(2,292,377)**	**(1,018,229)**	80%	**8,340,947**
Change in net position before capital grant contributions	**(4,978,556)**	**(1,388,203)**	**3,590,353**	**(72)%**	**8,686,180**
Capital grant contributions	-	829,408	829,408	**-**	780,726
Change in net position	**$ (4,978,556)**	**$ (558,795)**	**$ 4,419,761**	**(89)%**	**$ 9,466,906**

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
For the Ten Months Ended April 30, 2022 and 2021
(Unaudited)

	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating revenues:					
Aviation revenue:					
Landing fees	$ 26,982,496	$ 26,507,775	$ (474,721)	(2)%	$ 24,901,772
Aircraft parking fees	10,300,158	9,965,552	(334,606)	(3)%	8,568,467
Building rentals	75,343,667	73,773,960	(1,569,707)	(2)%	60,581,201
CUPPS Support Charges	6,315,440	6,140,840	(174,600)	(3)%	5,496,821
Other aviation revenue	(1,336,066)	(1,057,974)	278,092	21%	129,287
Terminal rent non-airline	2,175,679	2,205,035	29,356	1%	2,147,497
Terminal concessions	10,617,457	25,624,563	15,007,106	141%	22,497,306
Terminal Concessions-Revenue Waived	-	(5,195,980)	(5,195,980)	-	(14,886,572)
Rental car license fees	14,409,527	29,149,112	14,739,585	102%	20,828,102
Rental car center cost recovery	791,396	1,582,792	791,396	100%	1,603,682
Rental Car-Revenue Waived	-	-	-	-	(11,203,478)
License fees other	3,470,600	4,969,658	1,499,058	43%	2,557,484
Parking revenue	21,068,251	36,149,980	15,081,729	72%	16,084,763
Ground transportation permits and citations	5,726,177	9,792,959	4,066,782	71%	3,746,057
Ground rentals	18,804,973	19,290,421	485,448	3%	15,676,500
Grant reimbursements	321,816	276,000	(45,816)	(14)%	296,456
Other operating revenue	874,234	1,982,041	1,107,807	127%	1,074,723
Total operating revenues	**195,865,805**	**241,156,734**	**45,290,929**	**23%**	**160,100,068**
Operating expenses:					
Salaries and benefits	41,806,718	35,040,382	6,766,336	16%	40,391,954
Contractual services	26,738,076	27,387,508	(649,432)	(2)%	19,696,153
Safety and security	29,361,103	27,816,832	1,544,271	5%	28,238,913
Space rental	8,877,903	8,781,962	95,941	1%	8,524,930
Utilities	11,900,723	11,975,103	(74,380)	(1)%	9,528,264
Maintenance	9,211,584	8,595,472	616,112	7%	7,484,265
Equipment and systems	217,275	243,854	(26,579)	(12)%	350,220
Materials and supplies	484,975	388,778	96,197	20%	362,942
Insurance	1,538,399	1,475,115	63,284	4%	1,288,408
Employee development and support	660,854	403,743	257,111	39%	353,728
Business development	1,508,449	1,000,834	507,615	34%	119,172
Equipment rentals and repairs	3,514,033	2,985,525	528,508	15%	2,712,272
Total operating expenses	**135,820,092**	**126,095,108**	**9,724,984**	**7%**	**119,051,221**
Depreciation	110,791,873	110,791,872	1	-	106,517,829
Operating income (loss)	**(50,746,160)**	**4,269,754**	**55,015,914**	**108%**	**(65,468,982)**
Nonoperating revenue (expenses):					
Passenger facility charges	18,994,921	32,067,677	13,072,756	69%	13,942,640
Customer facility charges	16,584,875	24,715,129	8,130,254	49%	11,238,517
Federal Relief Grants	60,000,000	73,582,976	13,582,976	23%	64,856,516
Quieter Home Program	(1,745,930)	(2,394,558)	(648,628)	(37)%	(2,334,331)
Interest income	8,866,708	11,790,772	2,924,064	33%	11,412,401
Interest expense	(70,857,194)	(98,335,522)	(27,478,328)	(39)%	(68,287,858)
Bond amortization costs	11,389,535	17,073,342	5,683,807	50%	11,736,846
Other nonoperating income (expenses)	(7,500)	(70,872,945)	(70,865,445)	-	(8,354,649)
Nonoperating revenue, net	**43,225,415**	**(12,373,129)**	**(55,598,544)**	**(129)%**	**34,210,082**
Change in net position before capital grant contributions	**(7,520,745)**	**(8,103,375)**	**(582,630)**	**(8)%**	**(31,258,900)**
Capital grant contributions	207,374	3,998,849	3,791,475	**1828%**	9,518,435
Change in net position	**$ (7,313,371)**	**(4,104,526)**	**$ 3,208,845**	**44%**	**$ (21,740,465)**

5/9/2022 6:21 AM

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the ten months ended April 30, 2022
(Unaudited)

Print Date: 5/6/2022
Print Time: 2:46:28PM
Report ID: GL0012

	Month to Date					Year to Date				
	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
Landing Fees										
41112 - Landing Fees	$2,904,964	$2,576,017	$(328,947)	(11)	$3,344,979	$27,209,028	$26,567,788	$(641,241)	(2)	$24,988,235
41113 - Landing Fee Rebate	(15,972)	(4,526)	11,445	72	(8,567)	(226,532)	(60,013)	166,519	74	(86,463)
Total Landing Fees	**2,888,992**	**2,571,490**	**(317,502)**	**(11)**	**3,336,412**	**26,982,497**	**26,507,775**	**(474,722)**	**(2)**	**24,901,772**
Aircraft Parking Fees										
41160 - Aircraft Parking Position Rent	416,112	416,112	0	0	460,247	4,161,120	4,161,123	3	0	4,707,039
41162 - Parking Position Turn Fee	97,169	59,199	(37,970)	(39)	(73,143)	1,684,775	1,551,600	(133,175)	(8)	503,927
41165 - Overnight Parking Fee	268,021	161,777	(106,244)	(40)	357,709	4,454,263	4,252,829	(201,434)	(5)	3,357,501
Total Aircraft Parking Fees	**781,302**	**637,088**	**(144,214)**	**(18)**	**744,812**	**10,300,158**	**9,965,552**	**(334,606)**	**(3)**	**8,568,467**
Building and Other Rents										
41210 - Terminal Rent	8,034,871	6,473,371	(1,561,499)	(19)	9,115,627	73,700,887	72,155,915	(1,544,972)	(2)	60,215,643
41211 - Terminal Rent-Waived	0	0	0	0	(21,234)	0	(88,525)	(88,525)	0	(409,712)
41215 - Federal Inspection Services	336,600	281,190	(55,410)	(16)	39,360	1,642,780	1,706,570	63,790	4	775,270
Total Building and Other Rents	**8,371,471**	**6,754,561**	**(1,616,909)**	**(19)**	**9,133,752**	**75,343,667**	**73,773,961**	**(1,569,707)**	**(2)**	**60,581,201**
CUPPS Support Charges										
41400 - Common Use Fees	707,255	569,113	(138,142)	(20)	1,047,854	6,315,440	6,140,840	(174,600)	(3)	5,496,821
Total CUPPS Support Charges	**707,255**	**569,113**	**(138,142)**	**(20)**	**1,047,854**	**6,315,440**	**6,140,840**	**(174,600)**	**(3)**	**5,496,821**
Other Aviation										
43100 - Fuel Franchise Fees	15,133	37,081	21,948	145	18,716	142,909	244,653	101,744	71	138,127
43115 - Other Aviation	0	0	0	0	0	0	(60,187)	(60,187)	0	0
43140 - Air Service Incentive Rebates	(269,802)	(435,293)	(165,490)	(61)	(8,840)	(1,478,975)	(1,242,440)	236,535	16	(8,840)
Total Other Aviation	**(254,669)**	**(398,212)**	**(143,543)**	**(56)**	**9,876**	**(1,336,066)**	**(1,057,974)**	**278,092**	**21**	**129,287**
Non-Airline Terminal Rents										
45010 - Terminal Rent - Non-Airline	216,261	220,999	4,738	2	221,691	2,175,679	2,205,035	29,355	1	2,147,497
Total Non-Airline Terminal Rents	**216,261**	**220,999**	**4,738**	**2**	**221,691**	**2,175,679**	**2,205,035**	**29,355**	**1**	**2,147,497**

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the ten months ended April 30, 2022
(Unaudited)

	Month to Date Budget	Month to Date Actual	Month to Date Variance Favorable (Unfavorable)	Month to Date Variance Percent	Month to Date Prior Year Actual	Year to Date Budget	Year to Date Actual	Year to Date Variance Favorable (Unfavorable)	Year to Date Variance Percent	Year to Date Prior Year Actual
Concession Revenue										
45111 - Term Concessions-Food & Bev	$461,614	$1,123,608	$661,994	143	$1,082,602	$4,075,404	$11,050,100	$6,974,695	171	$10,626,702
45112 - Terminal Concessions - Retail	360,220	754,904	394,685	110	640,744	3,035,412	6,850,657	3,815,245	126	6,209,866
45113 - Term Concessions - Other	158,326	470,221	311,896	197	310,695	1,395,189	4,156,251	2,761,063	198	3,014,640
45114 - Term Concessions Space Rents	83,358	89,053	5,695	7	77,535	825,316	860,054	34,738	4	809,197
45115 - Term Concessions Cost Recovery	67,868	127,321	59,453	88	69,526	678,676	1,068,955	390,280	58	766,425
45116 - Rec Distr Center Cost Recovery	60,746	122,541	61,795	102	88,221	607,459	1,162,403	554,943	91	894,639
45117 - Concessions Marketing Program	0	54,814	54,814	0	28,138	0	476,143	476,143	0	175,837
45119 - Term Concessions-Revnue Waived	0	(204,299)	(204,299)	0	(1,184,007)	0	(5,195,980)	(5,195,980)	0	(14,886,572)
45120 - Rental car license fees	1,616,717	3,583,943	1,967,226	122	2,194,906	14,409,527	29,149,112	14,739,585	102	20,828,102
45121 - Rental Car Center Cost Recover	79,140	158,279	79,140	100	160,368	791,396	1,582,792	791,396	100	1,603,682
45122 - Rental Car - Revenue Waived	0	0	0	0	(467,888)	0	0	0	0	(11,203,478)
45130 - License Fees - Other	341,181	700,454	359,274	105	334,139	3,470,600	4,969,658	1,499,057	43	3,167,021
45131 - License Fees Other Waiver	0	0	0	0	(41,161)	0	0	0	0	(609,536)
Total Concession Revenue	**3,229,169**	**6,980,839**	**3,751,671**	**116**	**3,293,817**	**29,288,979**	**56,130,144**	**26,841,165**	**92**	**21,396,524**
Parking and Ground Transportat										
45210 - Parking	2,449,463	4,270,591	1,821,128	74	2,443,997	21,068,251	36,149,980	15,081,729	72	16,084,763
45220 - AVI fees	621,759	1,182,795	561,036	90	510,363	5,459,224	9,319,869	3,860,645	71	3,523,306
45240 - Ground Transportation Pe	10,300	12,167	1,867	18	13,096	156,495	302,914	146,419	94	145,683
45250 - Citations	5,602	25,218	19,616	350	9,333	110,458	170,177	59,718	54	77,069
Total Parking and Ground Transportat	**3,087,125**	**5,490,771**	**2,403,646**	**78**	**2,976,789**	**26,794,428**	**45,942,939**	**19,148,511**	**71**	**19,830,821**
Ground Rentals										
45310 - Ground Rental Fixed - N	1,686,427	1,704,888	18,460	1	1,605,192	16,864,275	17,059,976	195,701	1	16,020,281
45311 - Ground Rental Fixed Waived	0	0	0	0	0	0	0	0	0	(769,148)
45315 - ASB Cost Recovery	15,784	15,784	0	0	0	157,837	157,837	0	0	0
45320 - Ground Rental - Percenta	0	0	0	0	0	0	169,057	169,057	0	0
45325 - Fuel Lease Revenue	203,096	210,906	7,811	4	161,747	1,782,861	1,891,345	108,484	6	425,366
45326 - AFO Cost Recovery	0	1,221	1,221	0	0	0	12,206	12,206	0	0
Total Ground Rentals	**1,905,307**	**1,932,799**	**27,492**	**1**	**1,766,938**	**18,804,972**	**19,290,421**	**485,448**	**3**	**15,676,499**
Grant Reimbursements										
45410 - TSA Reimbursements	32,266	24,000	(8,266)	(26)	30,757	321,816	276,000	(45,816)	(14)	296,456
Total Grant Reimbursements	**32,266**	**24,000**	**(8,266)**	**(26)**	**30,757**	**321,816**	**276,000**	**(45,816)**	**(14)**	**296,456**

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the ten months ended April 30, 2022
(Unaudited)

Print Date: 5/6/2022
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	Month to Date Budget	Month to Date Actual	Month to Date Variance Favorable (Unfavorable)	Month to Date Variance Percent	Month to Date Prior Year Actual	Year to Date Budget	Year to Date Actual	Year to Date Variance Favorable (Unfavorable)	Year to Date Variance Percent	Year to Date Prior Year Actual
Other Operating Revenue										
45510 - Finger Printing Fee	$5,266	$19,474	$14,208	270	$12,542	$77,310	$172,655	$95,345	123	$88,034
45520 - Utilities Reimbursements	17,692	23,272	5,581	32	17,391	172,278	179,787	7,509	4	167,477
45530 - Miscellaneous Other Reve	1,852	103,499	101,647	5,489	2,323	18,520	337,881	319,361	1,724	23,688
45535 - Innovation Lab Revenue	0	910	910	0	0	0	7,089	7,089	0	0
45540 - Service Charges	7,314	14,020	6,706	92	26,717	73,139	315,760	242,621	332	241,047
45550 - Telecom Services	33,819	76,589	42,770	126	37,250	338,190	580,898	242,708	72	357,772
45570 - FBO Landing Fees	18,666	60,008	41,343	221	33,784	190,157	384,493	194,336	102	196,705
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	0	0	0	(1,160)	0	(1,160)	(1,160)	0	(4,640)
Total Other Operating Revenue	**85,769**	**298,933**	**213,165**	**249**	**130,007**	**874,234**	**1,982,042**	**1,107,808**	**127**	**1,074,723**
Total Operating Revenue	**21,050,247**	**25,082,383**	**4,032,136**	**19**	**22,692,707**	**195,865,805**	**241,156,734**	**45,290,929**	**23**	**160,100,067**
Personnel Expenses										
Salaries										
51110 - Salaries & Wages	2,786,851	2,249,223	537,627	19	2,303,054	29,423,512	23,541,922	5,881,591	20	25,179,719
51210 - Paid Time Off	0	329,523	(329,523)	0	232,385	0	3,266,311	(3,266,311)	0	2,523,654
51220 - Holiday Pay	0	53,599	(53,599)	0	58,454	0	627,310	(627,310)	0	653,542
51240 - Other Leave With Pay	0	17,819	(17,819)	0	29,017	0	188,939	(188,939)	0	343,861
51250 - Special Pay	0	0	0	0	2,000	0	412,786	(412,786)	0	117,407
Total Salaries	**2,786,851**	**2,650,165**	**136,686**	**5**	**2,624,911**	**29,423,512**	**28,037,267**	**1,386,245**	**5**	**28,818,183**
52110 - Overtime	50,377	45,503	4,874	10	35,363	499,932	469,620	30,313	6	345,309

San Diego County Regional Airport Authority
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(Unaudited)

	Month to Date Budget	Month to Date Actual	Month to Date Variance Favorable (Unfavorable)	Month to Date Variance Percent	Month to Date Prior Year Actual	Year to Date Budget	Year to Date Actual	Year to Date Variance Favorable (Unfavorable)	Year to Date Variance Percent	Year to Date Prior Year Actual
Benefits										
54110 - FICA Tax	$217,009	$201,727	$15,283	7	$195,922	$2,236,718	$2,044,021	$192,697	9	$2,089,929
54120 - Unemployment Insurance-S	0	0	0	0	0	0	11,303	(11,303)	0	39,266
54130 - Workers Compensation Ins	24,033	13,709	10,324	43	13,075	247,961	143,208	104,753	42	128,882
54135 - Workers Comp Incident Expense	0	0	0	0	12,387	0	90,995	(90,995)	0	60,877
54210 - Medical Insurance	411,623	337,556	74,067	18	326,885	4,121,242	3,376,409	744,833	18	3,704,949
54220 - Dental Insurance	22,779	20,544	2,235	10	20,983	226,752	204,066	22,687	10	241,320
54230 - Vision Insurance	3,334	3,039	296	9	3,084	33,177	30,070	3,107	9	31,703
54240 - Life Insurance	7,696	5,103	2,593	34	5,287	76,572	51,122	25,450	33	65,085
54250 - Short Term Disability	13,510	15,482	(1,972)	(15)	12,522	134,297	135,358	(1,061)	(1)	128,191
54310 - Retirement	816,123	813,110	3,014	0	803,882	8,356,857	8,306,027	50,830	1	8,192,802
54312 - Pension - GASB 68	0	0	0	0	0	0	(4,272,281)	4,272,281	0	0
54315 - Retiree Health Benefits	77,873	89,472	(11,599)	(15)	78,345	777,692	893,158	(115,466)	(15)	778,089
54410 - Taxable Benefits	0	9,768	(9,768)	0	0	0	13,695	(13,695)	0	21,923
54430 - Accrued Vacation	37,500	9,617	27,883	74	111,943	375,000	11,946	363,054	97	576,790
Total Benefits	**1,631,481**	**1,519,126**	**112,355**	**7**	**1,584,314**	**16,586,267**	**11,039,098**	**5,547,170**	**33**	**16,059,807**
Cap Labor/Burden/OH Recharge										
54510 - Capitalized Labor Recha	(401,752)	(205,219)	(196,534)	(49)	(215,704)	(4,180,267)	(2,323,796)	(1,856,471)	(44)	(2,640,544)
54515 - Capitalized Burden Rech	0	(161,279)	161,279	0	(159,398)	0	(1,673,229)	1,673,229	0	(1,710,164)
Total Cap Labor/Burden/OH Recharge	**(401,752)**	**(366,498)**	**(35,254)**	**(9)**	**(375,102)**	**(4,180,267)**	**(3,997,025)**	**(183,243)**	**(4)**	**(4,350,708)**
QHP Labor/Burden/OH Recharge										
54520 - QHP Labor Recharge	(50,010)	(21,143)	(28,867)	(58)	(21,579)	(522,725)	(220,705)	(302,019)	(58)	(244,944)
54525 - QHP Burden Recharge	0	(10,536)	10,536	0	(8,580)	0	(96,938)	96,938	0	(105,896)
54526 - QHP OH Contra Acct	0	(20,472)	20,472	0	(18,835)	0	(182,479)	182,479	0	(129,460)
Total QHP Labor/Burden/OH Recharge	**(50,010)**	**(52,151)**	**2,142**	**4**	**(48,994)**	**(522,725)**	**(500,122)**	**(22,603)**	**(4)**	**(480,299)**
MM&JS Labor/Burden/OH Recharge										
54530 - MM & JS Labor Recharge	0	0	0	0	0	0	(8,453)	8,453	0	(336)
Total MM&JS Labor/Burden/OH Recharge	**0**	**0**	**0**	**0**	**0**	**0**	**(8,453)**	**8,453**	**0**	**(336)**
Total Personnel Expenses	**4,016,947**	**3,796,144**	**220,803**	**5**	**3,820,492**	**41,806,720**	**35,040,385**	**6,766,335**	**16**	**40,391,956**
Non-Personnel Expenses										

San Diego County Regional Airport Authority
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(Unaudited)

	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
Contract Services										
61100 - Temporary Staffing	$9,000	$18,251	$(9,251)	(103)	$27,441	$68,000	$134,295	$(66,295)	(97)	$235,262
61110 - Auditing Services	2,000	2,000	0	0	0	131,670	120,983	10,688	8	111,981
61120 - Legal Services	35,000	46,301	(11,301)	(32)	111,439	463,000	234,471	228,529	49	462,752
61130 - Services - Professional	665,937	615,322	50,615	8	538,695	6,078,367	4,382,920	1,695,447	28	4,856,258
61150 - Outside Svs - Other	255,204	364,582	(109,378)	(43)	179,931	2,743,892	2,953,702	(209,809)	(8)	1,906,517
61160 - Services - Custodial	1,934,729	2,229,697	(294,968)	(15)	1,099,415	16,047,611	18,350,341	(2,302,730)	(14)	11,192,665
61190 - Receiving & Dist Cntr Services	120,731	127,693	(6,962)	(6)	92,770	1,205,538	1,210,796	(5,258)	0	930,718
Total Contract Services	**3,022,601**	**3,403,846**	**(381,246)**	**(13)**	**2,049,690**	**26,738,079**	**27,387,507**	**(649,428)**	**(2)**	**19,696,153**
Safety and Security										
61170 - Services - Fire, Police,	651,376	575,264	76,112	12	632,895	6,265,243	5,612,502	652,740	10	5,766,893
61180 - Services - SDUPD-Harbor	1,684,590	1,629,734	54,856	3	1,674,710	17,547,005	17,388,999	158,006	1	17,865,050
61185 - Guard Services	394,920	294,214	100,706	26	308,243	4,030,107	3,325,996	704,111	17	3,156,894
61188 - Other Safety & Security Serv	151,375	136,039	15,336	10	149,810	1,518,748	1,489,335	29,413	2	1,450,076
Total Safety and Security	**2,882,261**	**2,635,251**	**247,010**	**9**	**2,765,658**	**29,361,103**	**27,816,832**	**1,544,271**	**5**	**28,238,913**
Space Rental										
62100 - Rent	889,487	876,063	13,425	2	860,016	8,877,903	8,781,962	95,941	1	8,524,930
Total Space Rental	**889,487**	**876,063**	**13,425**	**2**	**860,016**	**8,877,903**	**8,781,962**	**95,941**	**1**	**8,524,930**
Utilities										
63100 - Telephone & Other Commun	45,515	51,280	(5,765)	(13)	35,063	546,910	420,938	125,972	23	452,744
63110 - Utilities - Gas & Electr	1,207,433	1,137,739	69,694	6	968,776	10,522,611	10,843,828	(321,217)	(3)	8,597,835
63120 - Utilities - Water	112,312	81,809	30,503	27	55,632	831,202	710,337	120,865	15	477,685
Total Utilities	**1,365,260**	**1,270,827**	**94,433**	**7**	**1,059,471**	**11,900,723**	**11,975,103**	**(74,380)**	**(1)**	**9,528,263**
Maintenance										
64100 - Facilities Supplies	68,600	72,237	(3,637)	(5)	48,861	767,305	481,900	285,405	37	455,495
64110 - Maintenance - Annual R	917,239	556,921	360,318	39	679,374	7,495,612	7,624,990	(129,378)	(2)	6,198,596
64125 - Major Maintenance - Mat	45,500	29,237	16,263	36	38,422	532,000	164,744	367,256	69	394,115
64140 - Refuse & Hazardous Waste	41,667	70,923	(29,256)	(70)	1,457	416,667	323,838	92,829	22	436,060
Total Maintenance	**1,073,006**	**729,319**	**343,687**	**32**	**768,114**	**9,211,584**	**8,595,473**	**616,111**	**7**	**7,484,267**
Equipment and Systems										
65100 - Equipment & Systems	49,042	49,503	(461)	(1)	10,842	217,275	243,854	(26,579)	(12)	350,220
Total Equipment and Systems	**49,042**	**49,503**	**(461)**	**(1)**	**10,842**	**217,275**	**243,854**	**(26,579)**	**(12)**	**350,220**

San Diego County Regional Airport Authority
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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
Materials and Supplies										
65110 - Office & Operating Suppl	$34,731	$42,020	$(7,289)	(21)	$12,000	$352,517	$315,291	$37,225	11	$222,831
65120 - Safety Equipment & Suppl	7,096	13,808	(6,712)	(95)	4,903	95,208	68,170	27,039	28	125,693
65130 - Tools - Small	4,000	0	4,000	100	0	37,250	5,317	31,933	86	14,418
Total Materials and Supplies	**45,827**	**55,828**	**(10,001)**	**(22)**	**16,903**	**484,975**	**388,778**	**96,197**	**20**	**362,943**
Insurance										
67170 - Insurance - Property	87,500	79,758	7,742	9	72,917	875,000	797,578	77,423	9	729,167
67171 - Insurance - Liability	17,942	16,042	1,900	11	14,958	179,420	160,417	19,003	11	149,583
67172 - Insurance - Public Offic	17,389	13,714	3,675	21	14,491	175,090	138,336	36,754	21	144,913
67173 - Insurance Miscellaneous	14,327	23,231	(8,904)	(62)	11,939	308,889	378,784	(69,895)	(23)	264,745
Total Insurance	**137,158**	**132,744**	**4,414**	**3**	**114,305**	**1,538,399**	**1,475,114**	**63,285**	**4**	**1,288,407**
Employee Development and Suppo										
66120 - Awards - Service	2,808	4,266	(1,458)	(52)	31,000	54,855	28,865	25,991	47	64,450
66130 - Book & Periodicals	2,321	2,230	91	4	459	31,788	18,287	13,501	42	17,456
66220 - License & Certifications	1,292	0	1,292	100	1,617	129,815	1,859	127,956	99	65,298
66260 - Recruiting	938	434	504	54	4,075	9,375	16,698	(7,323)	(78)	7,595
66280 - Seminars & Training	7,559	30,485	(22,926)	(303)	5,895	145,993	87,665	58,328	40	32,401
66290 - Transportation	11,950	10,759	1,191	10	9,855	120,667	98,636	22,030	18	97,166
66305 - Travel-Employee Developm	6,908	393	6,515	94	0	41,408	22,082	19,327	47	(3,377)
66310 - Tuition	3,833	3,829	4	0	849	38,333	32,996	5,338	14	17,166
66320 - Uniforms	8,672	15,940	(7,268)	(84)	5,297	88,620	96,655	(8,035)	(9)	55,573
Total Employee Development and Suppo	**46,281**	**68,336**	**(22,054)**	**(48)**	**59,046**	**660,854**	**403,743**	**257,111**	**39**	**353,728**
Business Development										
66100 - Advertising	1,429	72,319	(70,890)	(4,960)	321	476,151	255,384	220,767	46	6,144
66110 - Allowance for Bad Debts	0	0	0	0	0	37,500	(3,601)	41,101	110	(279,981)
66200 - Memberships & Dues	24,810	31,490	(6,680)	(27)	26,064	346,414	305,622	40,792	12	290,980
66225 - Permits, Licenses & Taxes	0	7,288	(7,288)	0	0	0	118,909	(118,909)	0	0
66230 - Postage & Shipping	1,227	(2,430)	3,657	298	2,158	12,893	7,136	5,756	45	13,056
66240 - Promotional Activities	24,038	(6,823)	30,861	128	2,908	455,560	217,916	237,644	52	82,753
66250 - Promotional Materials	1,219	2,028	(809)	(66)	6,190	25,831	28,754	(2,923)	(11)	8,520
66300 - Travel-Business Developm	20,000	7,572	12,428	62	0	154,100	70,714	83,386	54	(2,300)
Total Business Development	**72,723**	**111,444**	**(38,721)**	**(53)**	**37,642**	**1,508,448**	**1,000,834**	**507,614**	**34**	**119,171**

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the ten months ended April 30, 2022

(Unaudited)

Print Date: 5/6/2022
Print Time: 2:46:28PM
Report ID: GL0012

	Month to Date					Year to Date				
	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
Equipment Rentals and Repairs										
66140 - Computer Licenses & Agre	$106,239	$14,702	$91,537	86	$106,128	$1,154,589	$818,410	$336,179	29	$711,795
66150 - Equipment Rental/Leasing	8,790	5,518	3,272	37	12,131	82,050	50,724	31,326	38	49,706
66160 - Tenant Improvements	27,989	48,106	(20,118)	(72)	15,182	279,885	301,177	(21,292)	(8)	222,964
66270 - Repairs - Office Equipme	263,008	232,540	30,468	12	169,032	1,997,509	1,815,214	182,294	9	1,727,807
Total Equipment Rentals and Repairs	**406,025**	**300,866**	**105,159**	**26**	**302,473**	**3,514,032**	**2,985,524**	**528,508**	**15**	**2,712,272**
Total Non-Personnel Expenses	**9,989,670**	**9,634,026**	**355,644**	**4**	**8,044,162**	**94,013,374**	**91,054,723**	**2,958,651**	**3**	**78,659,268**
Total Departmental Expenses before	**14,006,617**	**13,430,170**	**576,447**	**4**	**11,864,654**	**135,820,094**	**126,095,108**	**9,724,987**	**7**	**119,051,223**
Depreciation and Amortization										
69110 - Depreciation Expense	10,748,039	10,748,039	0	0	10,482,820	110,791,873	110,791,872	0	0	106,517,829
Total Depreciation and Amortization	**10,748,039**	**10,748,039**	**0**	**0**	**10,482,820**	**110,791,873**	**110,791,872**	**0**	**0**	**106,517,829**
Non-Operating Revenue/(Expense)										
Passenger Facility Charges										
71110 - Passenger Facility Charg	1,961,441	4,907,828	2,946,387	150	3,288,337	18,994,921	32,067,677	13,072,756	69	13,942,640
Total Passenger Facility Charges	**1,961,441**	**4,907,828**	**2,946,387**	**150**	**3,288,337**	**18,994,921**	**32,067,677**	**13,072,756**	**69**	**13,942,640**
Customer Facility Charges										
71120 - Customer facility charges (Con	1,810,173	2,928,699	1,118,526	62	1,595,082	16,584,875	24,715,129	8,130,255	49	11,238,517
Total Customer Facility Charges	**1,810,173**	**2,928,699**	**1,118,526**	**62**	**1,595,082**	**16,584,875**	**24,715,129**	**8,130,255**	**49**	**11,238,517**
Federal Relief Grants										
71130 - Federal Relief Grants	0	8,348,220	8,348,220	0	10,530,110	60,000,000	73,582,976	13,582,976	23	64,856,516
Total Federal Relief Grants	**0**	**8,348,220**	**8,348,220**	**0**	**10,530,110**	**60,000,000**	**73,582,976**	**13,582,976**	**23**	**64,856,516**
Quieter Home Program										
71212 - Quieter Home - Labor	(74,418)	(21,143)	53,275	72	(21,579)	(582,975)	(220,705)	362,270	62	(245,766)
71213 - Quieter Home - Burden	0	(10,536)	(10,536)	0	(8,580)	0	(96,938)	(96,938)	0	(105,896)
71214 - Quieter Home - Overhead	0	(20,472)	(20,472)	0	(18,835)	0	(182,479)	(182,479)	0	(129,460)
71215 - Quieter Home - Material	(1,295,358)	(1,507,970)	(212,612)	(16)	(1,707,486)	(13,752,581)	(12,370,424)	1,382,158	10	(10,367,730)
71216 - Quieter Home Program	1,206,899	1,315,753	108,854	9	994,709	12,639,626	10,475,988	(2,163,638)	(17)	8,514,520
71225 - Joint Studies - Material	0	0	0	0	0	(50,000)	0	50,000	100	0
Total Quieter Home Program	**(162,877)**	**(244,369)**	**(81,491)**	**(50)**	**(761,771)**	**(1,745,930)**	**(2,394,558)**	**(648,628)**	**(37)**	**(2,334,331)**

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the ten months ended April 30, 2022
(Unaudited)

	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
Interest Income										
71310 - Interest - Investments	$613,711	$626,544	$12,834	2	$653,385	$6,530,104	$5,913,476	$(616,628)	(9)	$7,496,251
71330 - Interest - Variable Debt	0	47,489	47,489	0	0	0	240,569	240,569	0	104,203
71340 - Interest - Note Receivab	115,449	77,009	(38,440)	(33)	125,454	1,208,746	970,624	(238,122)	(20)	1,308,068
71350 - Interest - Other	61,527	44,889	(16,638)	(27)	(693)	1,127,858	1,206,999	79,141	7	120,346
71361 - Interest Income - 2010 Bonds	0	0	0	0	0	0	0	0	0	(140,938)
71363 - Interest Income - 2013 Bonds	0	67	67	0	24,598	0	90,668	90,668	0	286,664
71364 - Interest Income - 2017 Bond A	0	8,991	8,991	0	10,906	0	80,516	80,516	0	133,449
71365 - Interest Income - 2014 Bond A	0	22,268	22,268	0	24,575	0	186,840	186,840	0	283,671
71366 - Interest Income - 2019A Bond	0	106,032	106,032	0	111,776	0	826,680	826,680	0	1,583,320
71367 - Interest Income - 2020A Bond	0	15,106	15,106	0	39,036	0	85,743	85,743	0	237,370
71368 - Interest Income - 2021 Bond A	0	336,451	336,451	0	0	0	2,188,657	2,188,657	0	0
Total Interest Income	**790,686**	**1,284,846**	**494,160**	**62**	**989,036**	**8,866,709**	**11,790,771**	**2,924,063**	**33**	**11,412,403**
Interest Expense										
71411 - Interest Expense- 2010 Bonds	(31,493)	0	31,493	100	0	(157,465)	0	157,465	100	0
71412 - Interest Expense 2013 Bonds	(1,439,113)	0	1,439,113	100	(1,473,758)	(14,391,125)	(7,195,563)	7,195,563	50	(14,737,583)
71413 - Interest Expense 2014 Bond A	(1,300,065)	(1,300,065)	0	0	(1,318,995)	(13,000,653)	(13,000,653)	0	0	(13,189,950)
71414 - Interest Expense 2017 Bond A	(1,132,979)	(1,132,979)	0	0	(1,154,104)	(11,329,792)	(11,329,792)	0	0	(11,541,042)
71415 - Interest Exp 2019A Bond	(1,843,425)	(1,843,425)	0	0	(1,857,675)	(18,434,250)	(18,434,250)	0	0	(18,576,750)
71416 - Interest Expense 2020A Bond	(945,813)	(945,813)	0	0	(1,003,417)	(9,458,125)	(9,588,938)	(130,812)	(1)	(10,034,167)
71417 - Interest Expense - 2021 Bond	0	(6,833,852)	(6,833,852)	0	0	0	(32,599,680)	(32,599,680)	0	0
71420 - Interest Expense-Variable Debt	0	(71,423)	(71,423)	0	0	0	(467,415)	(467,415)	0	0
71430 - LOC Fees - C/P	(76,273)	0	76,273	100	0	(722,452)	(40,000)	682,452	94	0
71450 - Trustee Fee Bonds	0	0	0	0	(2,120)	(17,250)	(1,200)	16,050	93	(6,520)
71451 - Program Fees - Variable Debt	0	0	0	0	0	(2,000)	(350)	1,650	83	0
71460 - Interest Expense - Other	16,966	39,386	22,421	132	9,168	(2,880,345)	(5,213,944)	(2,333,599)	(81)	285,177
71461 - Interest Expense - Cap Leases	(45,451)	(45,451)	0	0	(47,860)	(463,737)	(463,737)	0	0	(487,023)
Total Interest Expense	**(6,797,646)**	**(12,133,621)**	**(5,335,975)**	**(78)**	**(6,848,762)**	**(70,857,193)**	**(98,335,521)**	**(27,478,328)**	**(39)**	**(68,287,857)**
Amortization										
69210 - Amortization - Premium	1,124,075	2,258,383	1,134,308	101	1,159,042	11,389,535	17,073,342	5,683,807	50	11,736,846
Total Amortization	**1,124,075**	**2,258,383**	**1,134,308**	**101**	**1,159,042**	**11,389,535**	**17,073,342**	**5,683,807**	**50**	**11,736,846**

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the ten months ended April 30, 2022
(Unaudited)

	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
Other Non-Operating Income (Expense)										
71510 - Legal Settlement Income	$0	$0	$0	0	$0	$0	$391	$391	0	$127
71521 - Fixed Asset Disposal-Loss	0	0	0	0	0	0	(13,113,682)	(13,113,682)	0	0
71530 - Gain/Loss On Investments	0	(9,647,561)	(9,647,561)	0	(1,620,963)	0	(58,020,644)	(58,020,644)	0	(8,416,551)
71540 - Discounts Earned	0	0	0	0	0	0	5,818	5,818	0	5,360
71610 - Legal Settlement Expense	0	0	0	0	0	(7,500)	0	7,500	100	(60,814)
71620 - Other non-operating revenue (e	0	5,197	5,197	0	10,835	0	255,172	255,172	0	117,232
71630 - Other Non-Operating Expe	0	0	0	0	0	0	0	0	0	0
Total Other Non-Operating Income (Expense	**0**	**(9,642,364)**	**(9,642,364)**	**0**	**(1,610,128)**	**(7,500)**	**(70,872,947)**	**(70,865,447)**	**(944,873)**	**(8,354,647)**
Total Non-Operating Revenue/(Expense)	**(1,274,147)**	**(2,292,377)**	**(1,018,230)**	**(80)**	**(8,340,947)**	**43,225,417**	**(12,373,129)**	**(55,598,546)**	**129**	**(34,210,086)**
Capital Grant Contribution										
72100 - AIP Grants	0	829,408	829,408	0	780,726	207,374	3,998,849	3,791,475	1,828	9,518,435
Total Capital Grant Contribution	**0**	**829,408**	**829,408**	**0**	**780,726**	**207,374**	**3,998,849**	**3,791,475**	**1,828**	**9,518,435**
Total Expenses Net of Non-Operating Revenue/ (Expense)	**26,028,803**	**25,641,178**	**387,625**	**1**	**13,225,801**	**203,179,176**	**245,261,260**	**(42,082,084)**	**(21)**	**181,840,532**
Net Income/(Loss)	**(4,978,556)**	**(558,795)**	**4,419,762**	**89**	**9,466,906**	**(7,313,371)**	**(4,104,526)**	**3,208,845**	**44**	**(21,740,465)**
Equipment Outlay										
73200 - Equipment Outlay Expendi	0	0	0	0	(48,302)	(635,600)	(228,977)	406,623	64	(287,078)
73299 - Capitalized Equipment Co	0	0	0	0	48,302	0	228,977	228,977	0	287,078
Total Equipment Outlay	**0**	**0**	**0**	**0**	**0**	**(635,600)**	**0**	**635,600**	**100**	**0**

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

Review of the Unaudited Financial Statements for the Ten Months Ended April 30, 2022 and 2021

Presented by:
Elizabeth Stewart
Director, Accounting

May 23, 2022

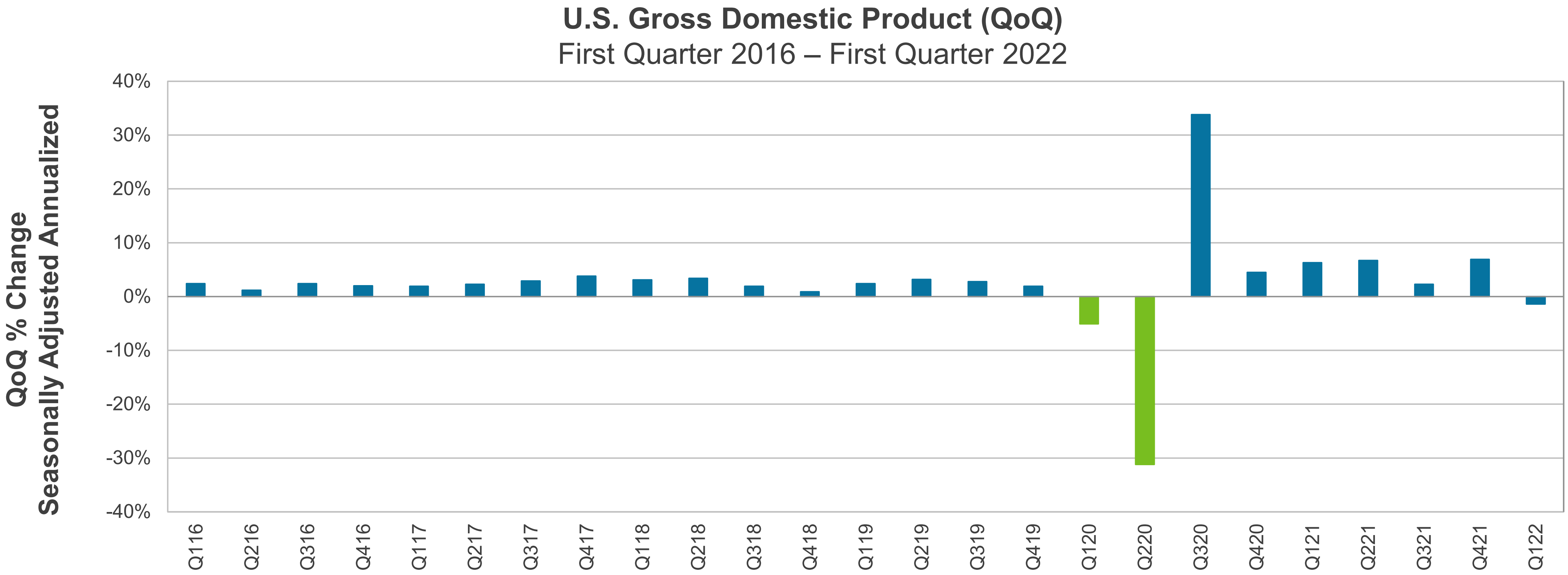
Market Commentary

Financial markets are experiencing heightened volatility and tighter conditions as central banks employ more restrictive monetary policies to combat persistent inflation. Risk assets have sold off, and bond returns have been negatively impacted by the dramatic rise in rates. The conflict between Russia and Ukraine has exacerbated inflationary pressures, particularly with energy and commodities, and shows no sign of abating in the short run. Additionally, strict COVID lockdowns in China are intensifying distressed supply chains. While labor markets and consumer spending remain strong, we believe the risk of an economic slowdown later this year has increased. Although we expect the Fed to continue to tighten monetary policy, the FOMC has very little margin for error as it attempts to combat inflation without pushing the economy into a recession. Over the near-term, we expect financial market volatility to remain intensified and conditions to remain tighter with persistent inflation, geopolitical risk, supply chain bottlenecks, and the Fed's shift to a more hawkish monetary policy.

As expected at the May meeting, the Federal Open Market Committee (FOMC) announced it would raise the federal funds rate by 0.50% to a range of 0.75% - 1.00% and begin shrinking its $9 trillion balance sheet starting June 1st. Federal Reserve Chair Powell indicated that a 75 basis point increase is not currently under consideration, and the Treasury yield curve steepened after the announcement. We are anticipating additional rate hikes by the Fed in the near term, but we do not believe that monetary policy is not on a pre-set course and the timing and magnitude of rate hikes in the second half of this year will be dependent on how economic and geopolitical conditions continue to transpire.

First Quarter GDP

According to the advance estimate, first quarter 2022 GDP unexpectedly contracted at an annualized rate of 1.4%, following fourth quarter 2021 growth of 6.9%. The most significant contributors to the decline were a widening of the trade deficit and slower inventory build. Personal consumption expenditures increased at a healthy pace, reflecting a shift in consumer demand from goods to services. The consensus estimate calls for 3.0% growth in the current quarter and 3.2% growth for 2022.



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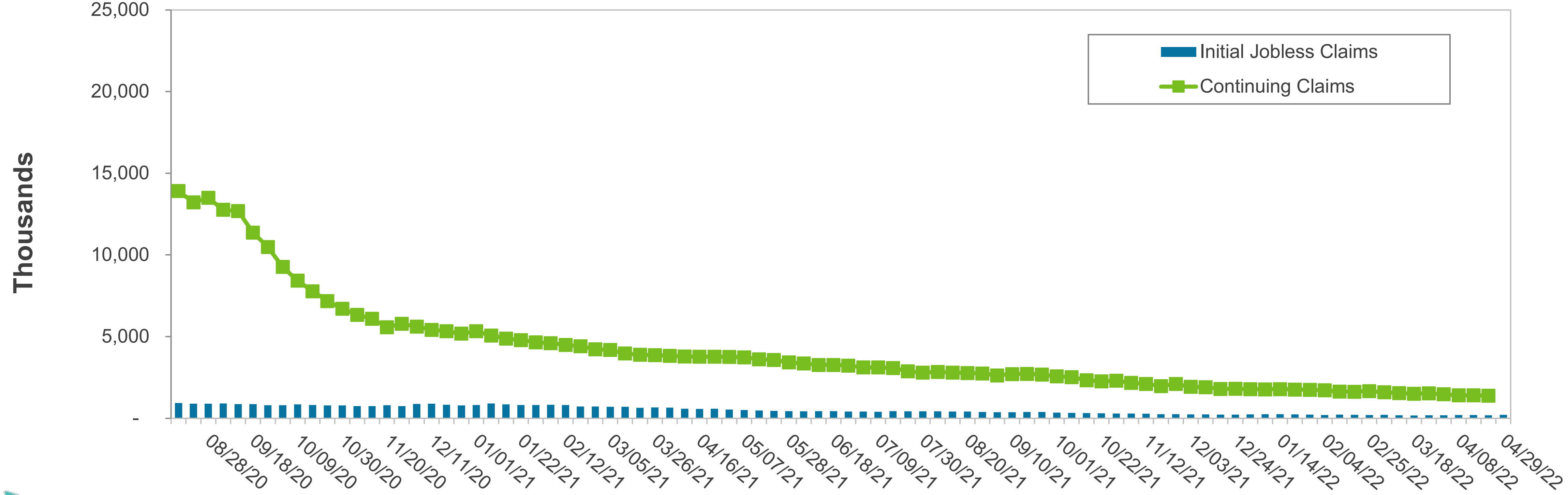
Source: Bloomberg.

Initial Claims For Unemployment

In the most recent week, the number of initial jobless claims was 200,000, up from 181,000 in the prior week. The level of continuing unemployment claims (where the data is lagged by one week) was 1.384 million, the lowest level since 1970. Continuing jobless claims have declined significantly from the peak of nearly 25 million in May 2020, and have dropped below pre-pandemic levels (the 2019 average was 1.7 million).

Initial Jobless Claims and 4-Week Moving Average
August 14, 2020 – April 29, 2022



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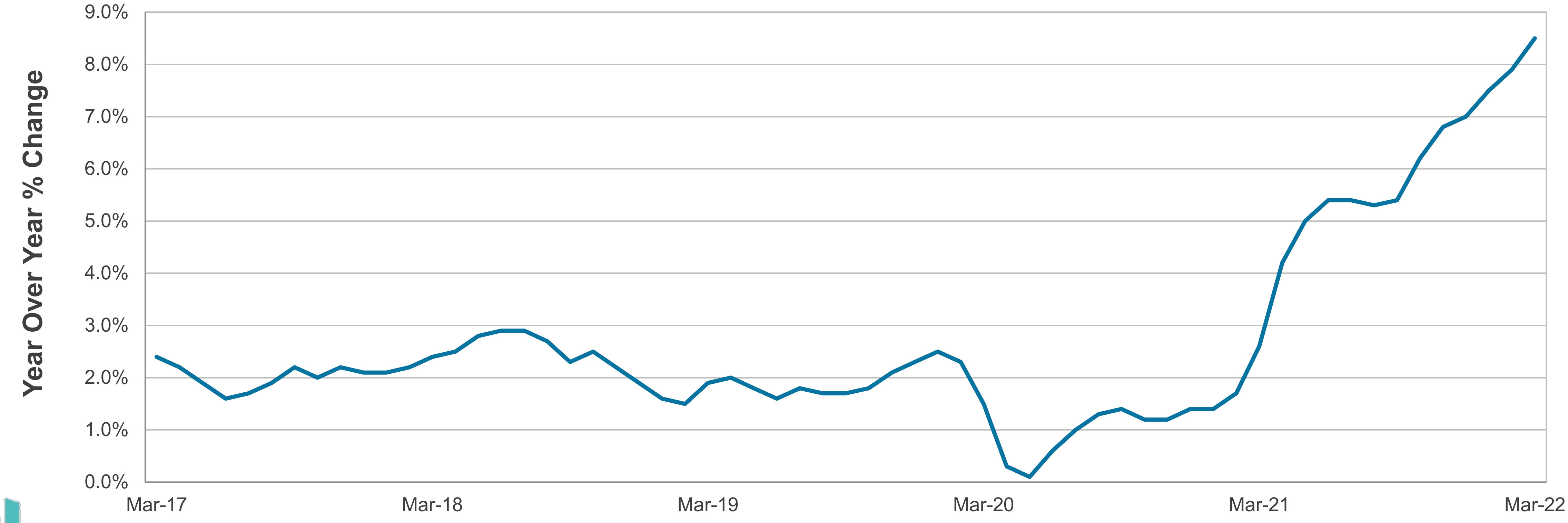
Source: Bloomberg.

Consumer Price Index

Although U.S. consumer prices rose less than expected in March, inflation remained elevated at a 40-year high. The Consumer Price Index (CPI) was up 8.5% year-over-year in March, versus up 7.9% year-over-year in February. Core CPI (CPI less food and energy) was up 6.5% year-over-year in March, versus up 6.4% year-over-year in February. Gasoline costs drove about half of the monthly increase, while food was also a sizable contributor. Used vehicle prices declined (although remaining firm), resulting in lower than forecast core increases for the month. The Personal Consumption Expenditures (PCE) index was up 6.6% year-over-year in March, up from 6.3% year-over-year in February. Core PCE was up 5.2% year-over-year in March, versus up 5.3% in February. Current inflation readings continue to run well above the Fed's longer-run target of around 2.0%. Accelerating labor costs and healthy consumer spending continue to drive inflationary pressures. Additionally, the Russia-Ukraine war and COVID lockdowns in China continue to exacerbate commodity prices and supply chain challenges.

Consumer Price Index (YoY%)

March 2017 – March 2022



Source: Bloomberg.

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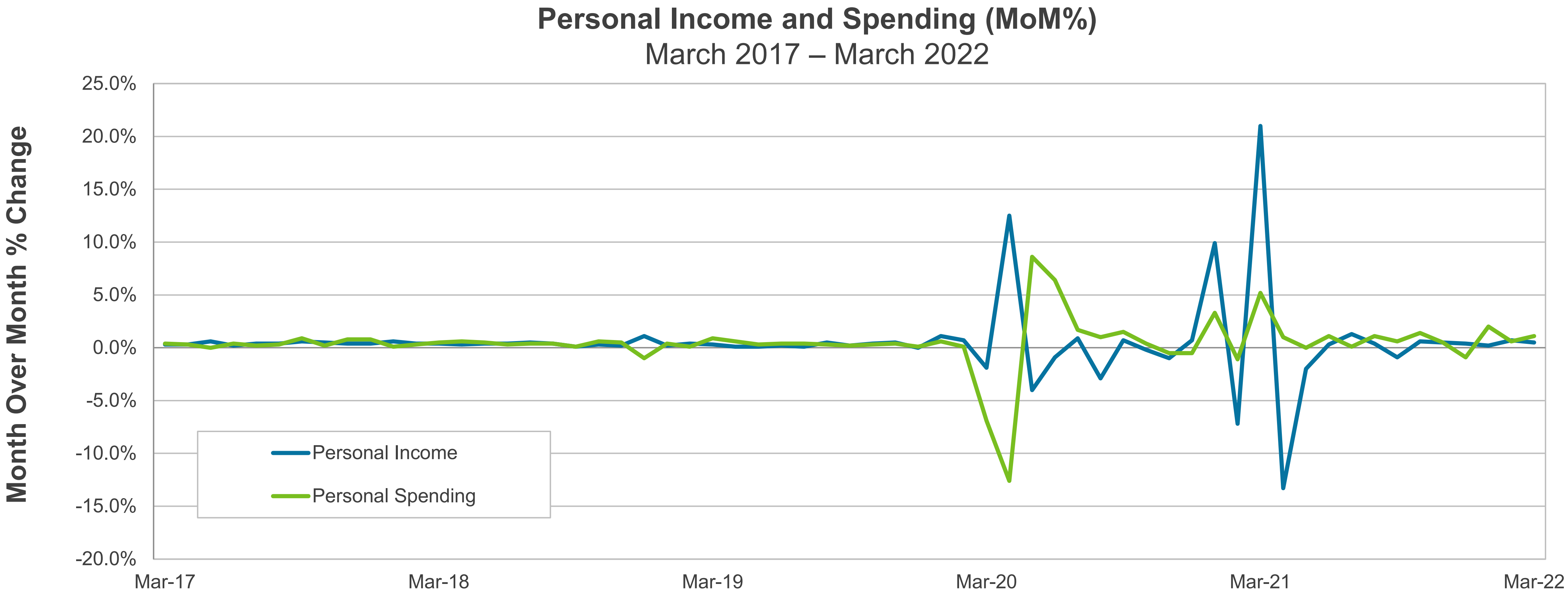
Personal Income and Spending

Personal income improved 0.5% in March from a 0.7% increase in February. Consumer spending was up 1.1% in March versus up 0.6% in February. Real consumer spending, adjusted for inflation, was up 0.2% in March, after a slight gain of 0.1% gain in February. Spending on services gained at the expense of goods as the pandemic subsides. The personal savings rate edged lower to 6.2% in March, below pre-pandemic levels as inflation impacted the cost of goods and services.



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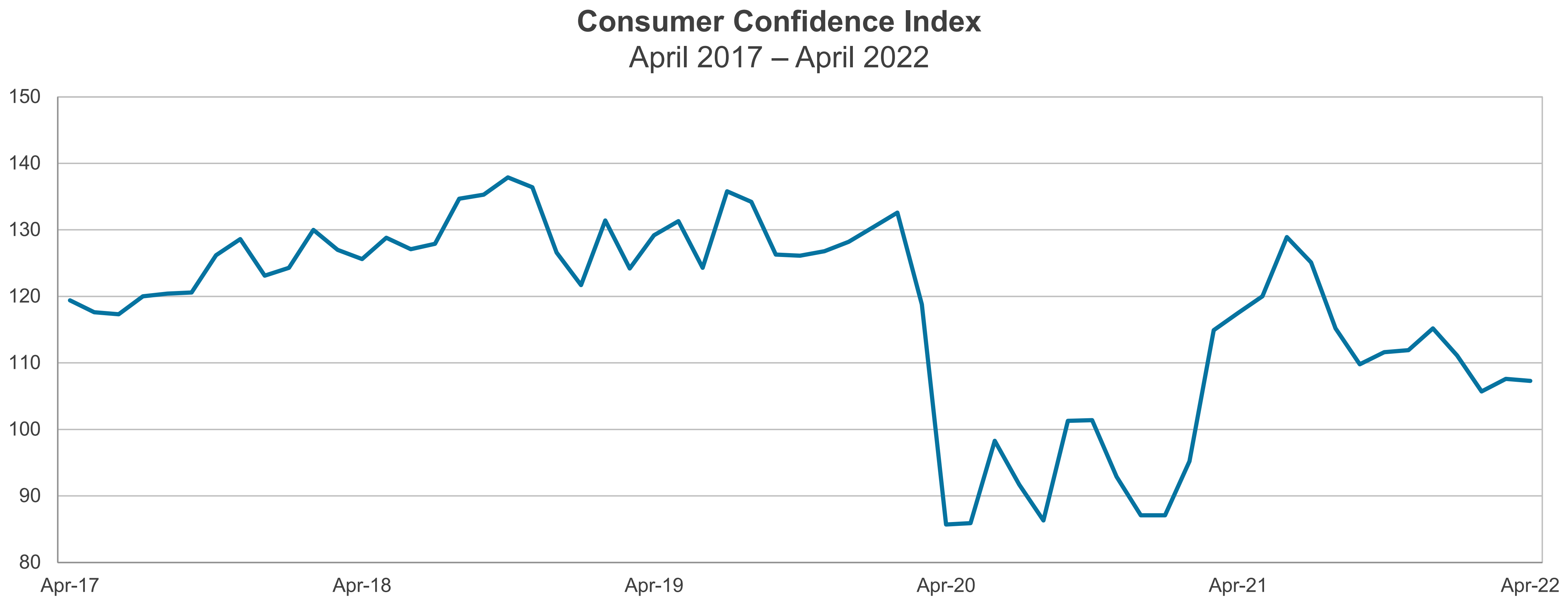
Source: Bloomberg.

Consumer Confidence Index

The Consumer Confidence index edged lower to 107.3 in April after an upwardly revised 107.6 in March. Higher energy, food and shelter prices continued to weigh on sentiment, along with heightened geopolitical risks. The index remains above its long-run average of 95, however, mainly due to the strong labor market and higher income prospects.



Source: Bloomberg.

Existing Home Sales

Existing home sales declined 2.7% in March to a seasonally adjusted rate of 5.77 million units, to the lowest level since June 2020 as low inventory, rising mortgage rates and elevated prices caused affordability issues for many buyers. The average rate on a 30-year fixed mortgage recently climbed over 5% for the first time since 2018. On a year-over-year basis, sales of existing homes were down 4.5% in March.

U.S. Existing Home Sales (MoM)
March 2012 – March 2022

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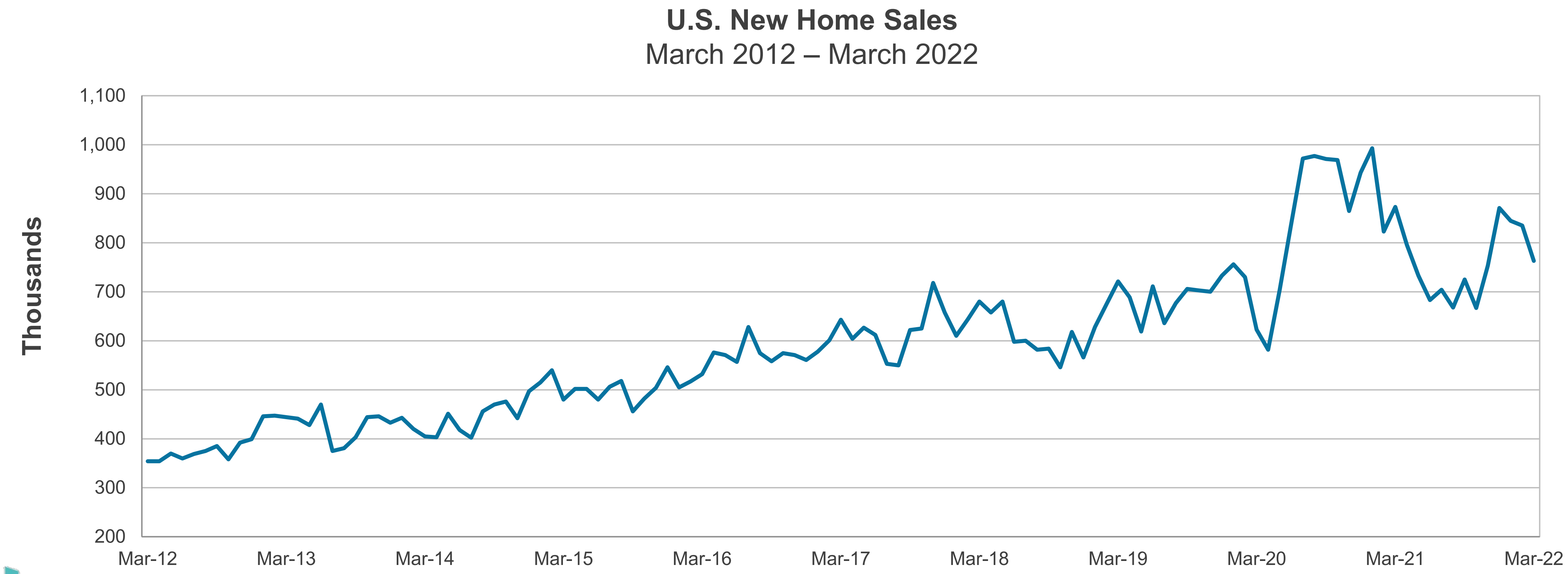
Source: Bloomberg.

New Home Sales

New home sales were down 8.6% in March to an annualized rate of 763,000 units. On a year-over-year basis, the pace of new home sales was down 12.6% in March. Higher mortgage rates and soaring costs of building materials are taking a toll on demand for new single-family homes.



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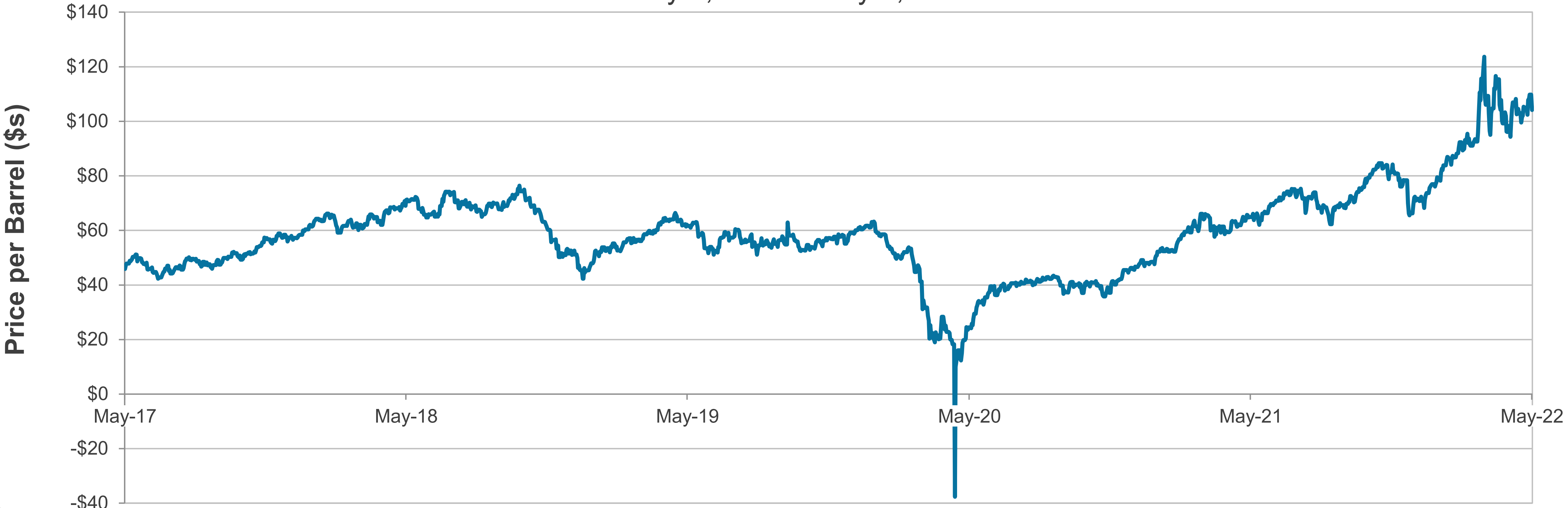
Source: Bloomberg.

Crude Oil Prices

U.S. West Texas Intermediate (WTI) crude settled at $109.77 per barrel on May 6, following the European Union's proposal to phase out crude oil imports from Russia over the next year in response to their invasion of Ukraine. WTI climbed above its one month average of $103.12 and is trading well above its one year average of $81.09. OPEC and its allies (i.e. OPEC+) have been gradually boosting production in measured steps since last summer. The group stuck to their plan to raise their collective production by another 432,000 barrels a day in June, on pace with what the group agreed to last year. The US announced that it will release a record 180 million barrels at a rate of 1 million barrels per day from its Strategic Petroleum Reserve. The International Energy Agency (IEA) will also be releasing an additional 60 million barrels, for a total of 240 million barrels over the next six months from the US and IEA combined.

West Texas Intermediate Oil Price Per Barrel (WTI Spot)

May 9, 2017 – May 9, 2022



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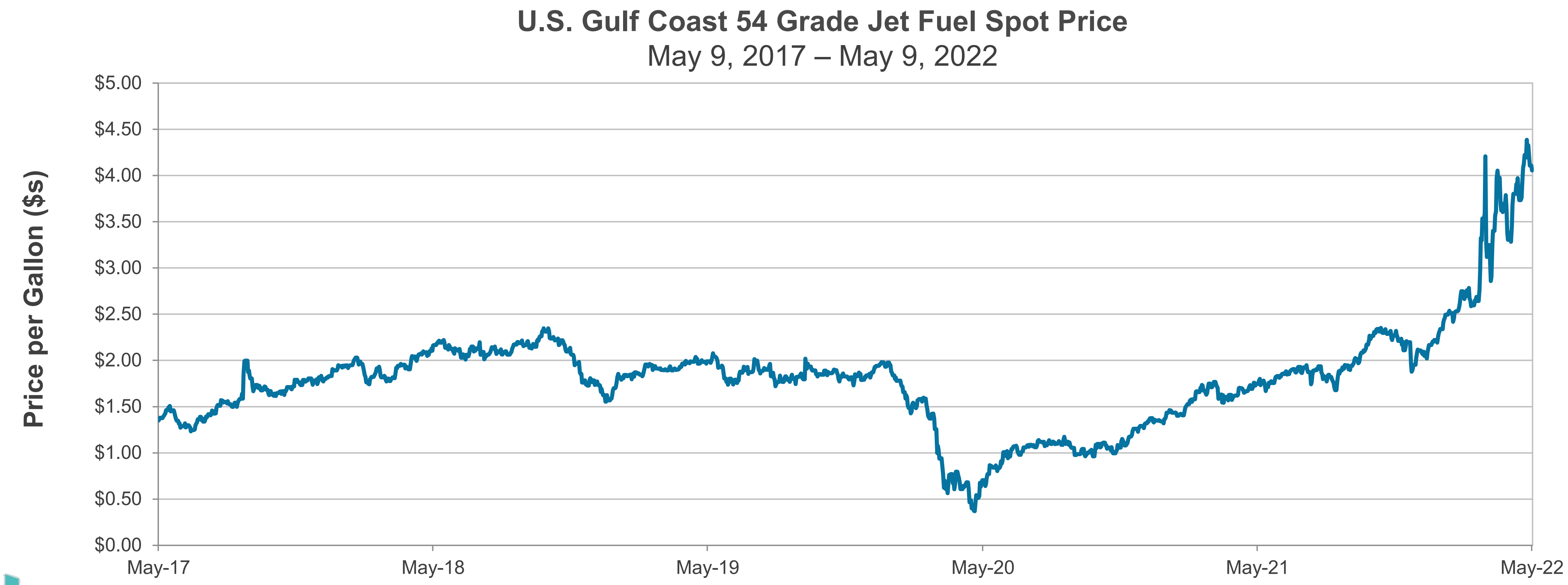
Source: Bloomberg.

Jet Fuel Prices

Jet fuel (U.S. Gulf Coast Spot) closed at $4.11 per gallon on May 6, above its one month average of $3.88 and above its one year average of $2.40. Rising travel demand and higher oil prices in the wake of the Russian invasion of Ukraine have boosted jet fuel prices. The price of jet fuel is now much higher than the 2019 average price of $1.88 per gallon.



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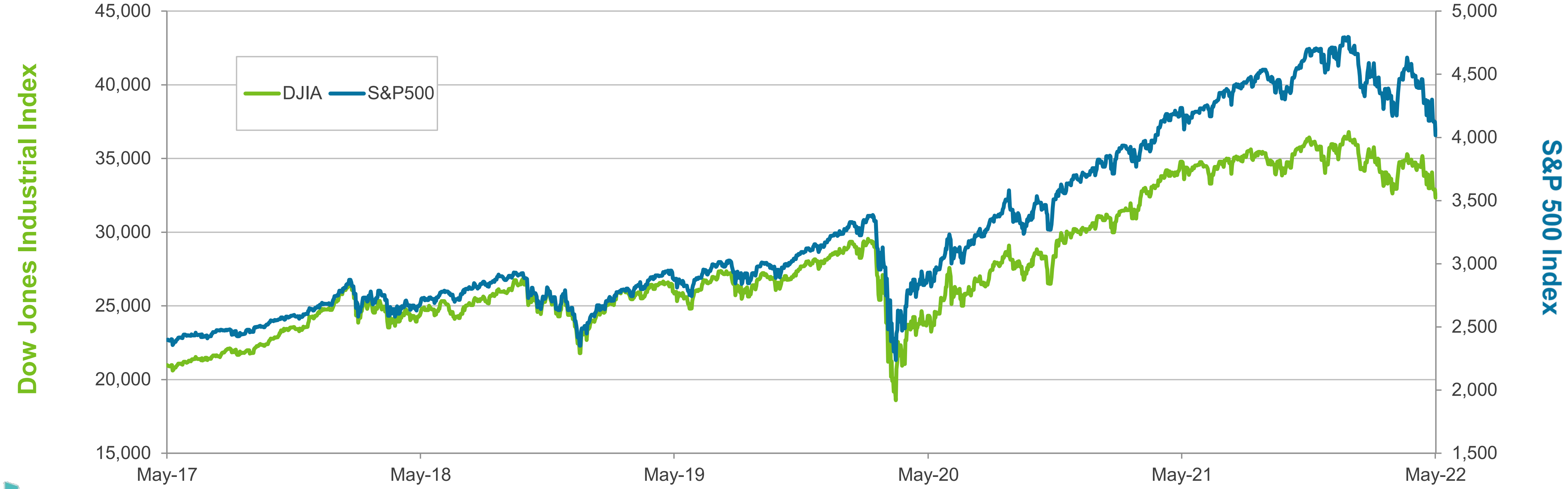
Source: Bloomberg.

U.S. Equity Markets

US equity market performance was strong in 2021 with the S&P 500 up 27%, following a 16% gain in 2020. The DJIA rose nearly 19% in 2021, following a 7% gain in 2020. However, market volatility has recently increased and on a year-to-date basis the S&P and DJIA are down 13.5% and 9.5%, respectively. The tech-heavy NASDAQ Composite index is down 22.4%, year-to-date. Equity markets have been under pressure recently as elevated inflation, higher interest rates and geopolitical concerns fueled risk-off sentiment.

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

May 9, 2017 – May 9, 2022



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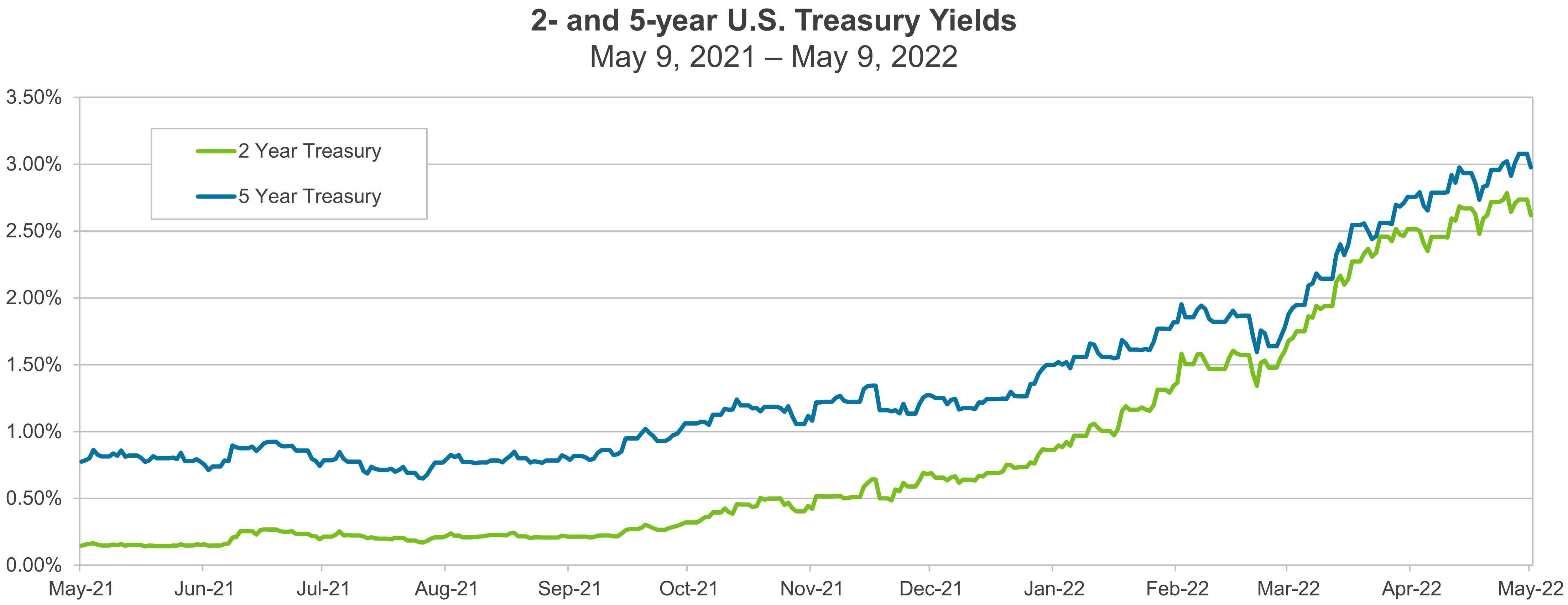
Source: Bloomberg.

Treasury Yield History

Year-to-date, the yield on 5-year Treasuries is roughly 180 basis points higher, while the yield on 2-year Treasuries is about 200 basis points higher.



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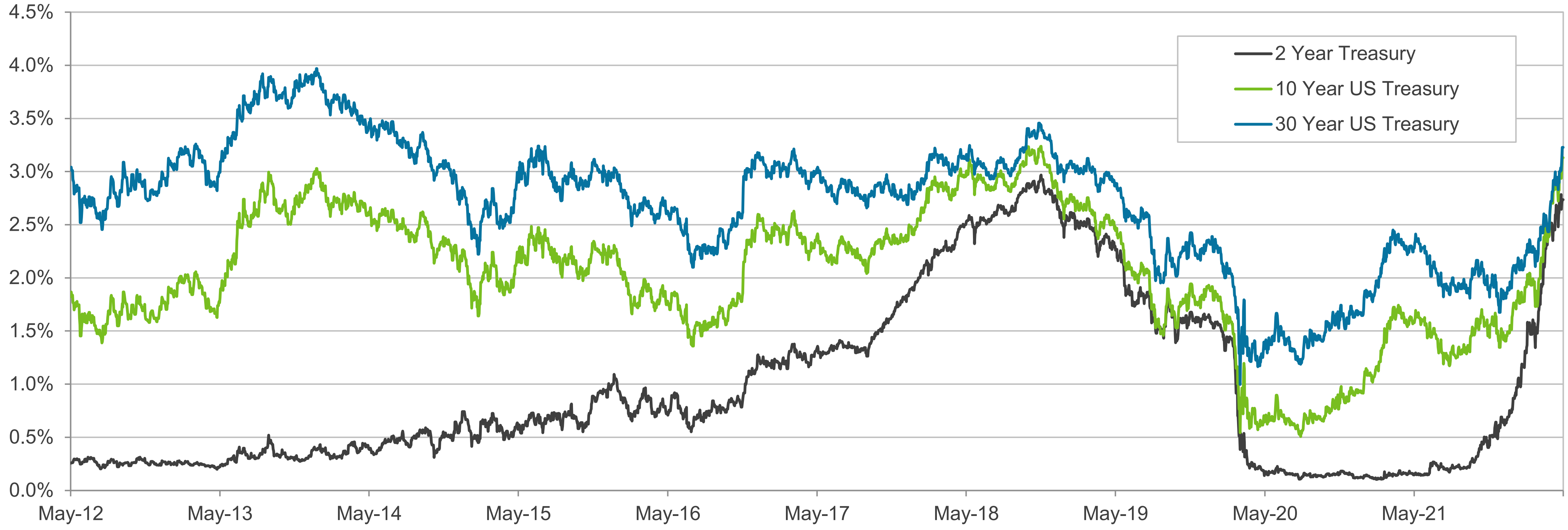
Source: Bloomberg.

Treasury Yield History

The spread between the 2-year Treasury yield and the 10-year Treasury yield is roughly 40 basis points, versus 160 basis points at this time last year. The spread between the 2-year Treasury yield and 10-year Treasury yield is below longer-term trends, as the average spread since 2003 has been about 130 basis points. The yield curve briefly inverted between 2- and 10-year Treasuries in early April as the Fed pivoted toward a more hawkish outlook for monetary policy, but steepened slightly after the relatively dovish May FOMC meeting.

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

May 9, 2012 – May 9, 2022



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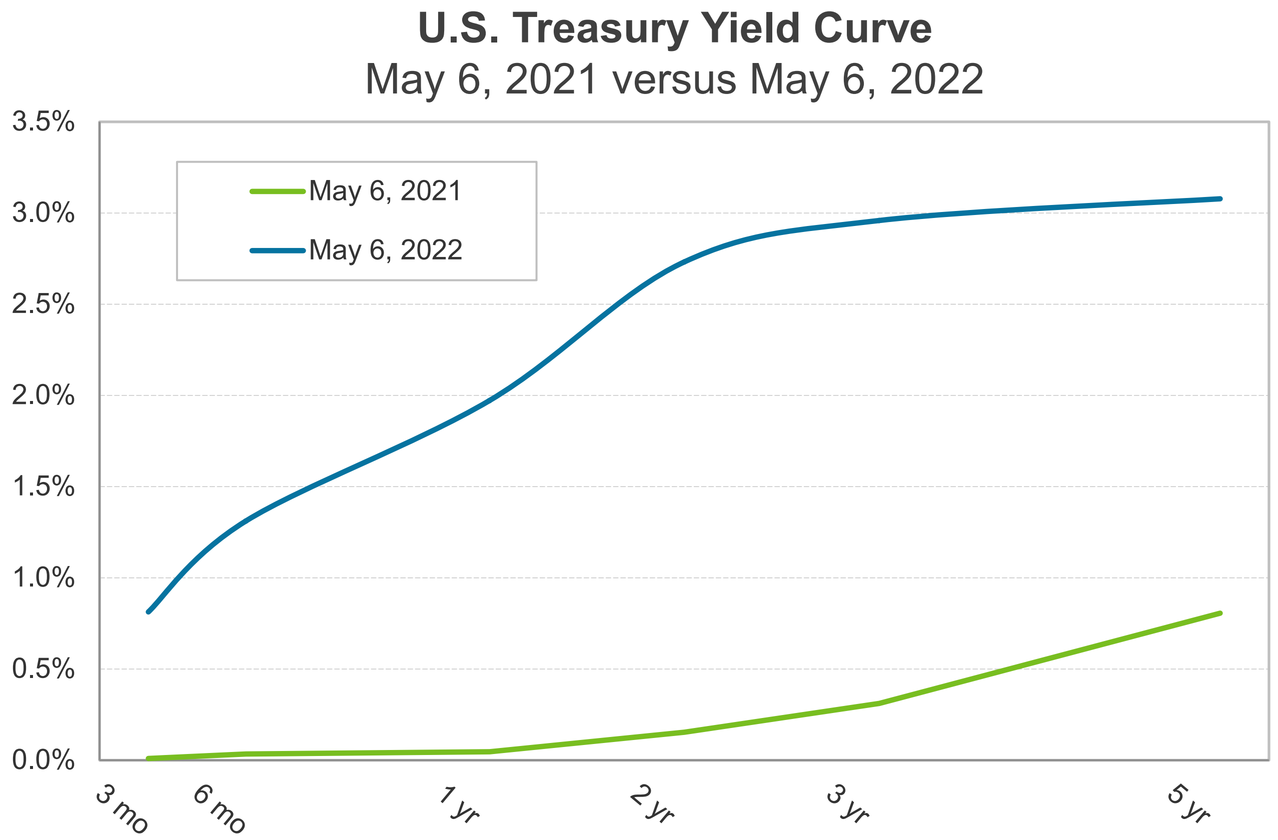
Source: Bloomberg.

U.S. Treasury Yield Curve

Yields are higher across the curve on a year-over-year basis. The 3-month T-bill yield is up 80 basis points, the 2-Year Treasury yield is about 258 basis points higher, and the 10-Year Treasury yield is up about 156 basis points, on a year-over-year basis.



	05/06/2021	05/06/2022	Change
3-Mo.	0.01%	0.81%	0.80%
6-Mo.	0.03%	1.31%	1.28%
1-Yr.	0.05%	1.97%	1.92%
2-Yr.	0.15%	2.73%	2.58%
3-Yr.	0.31%	2.96%	2.65%
5-Yr.	0.81%	3.08%	2.27%
10-Yr.	1.57%	3.13%	1.56%
20-Yr.	2.13%	3.44%	1.31%
30-Yr.	2.24%	3.23%	0.99%

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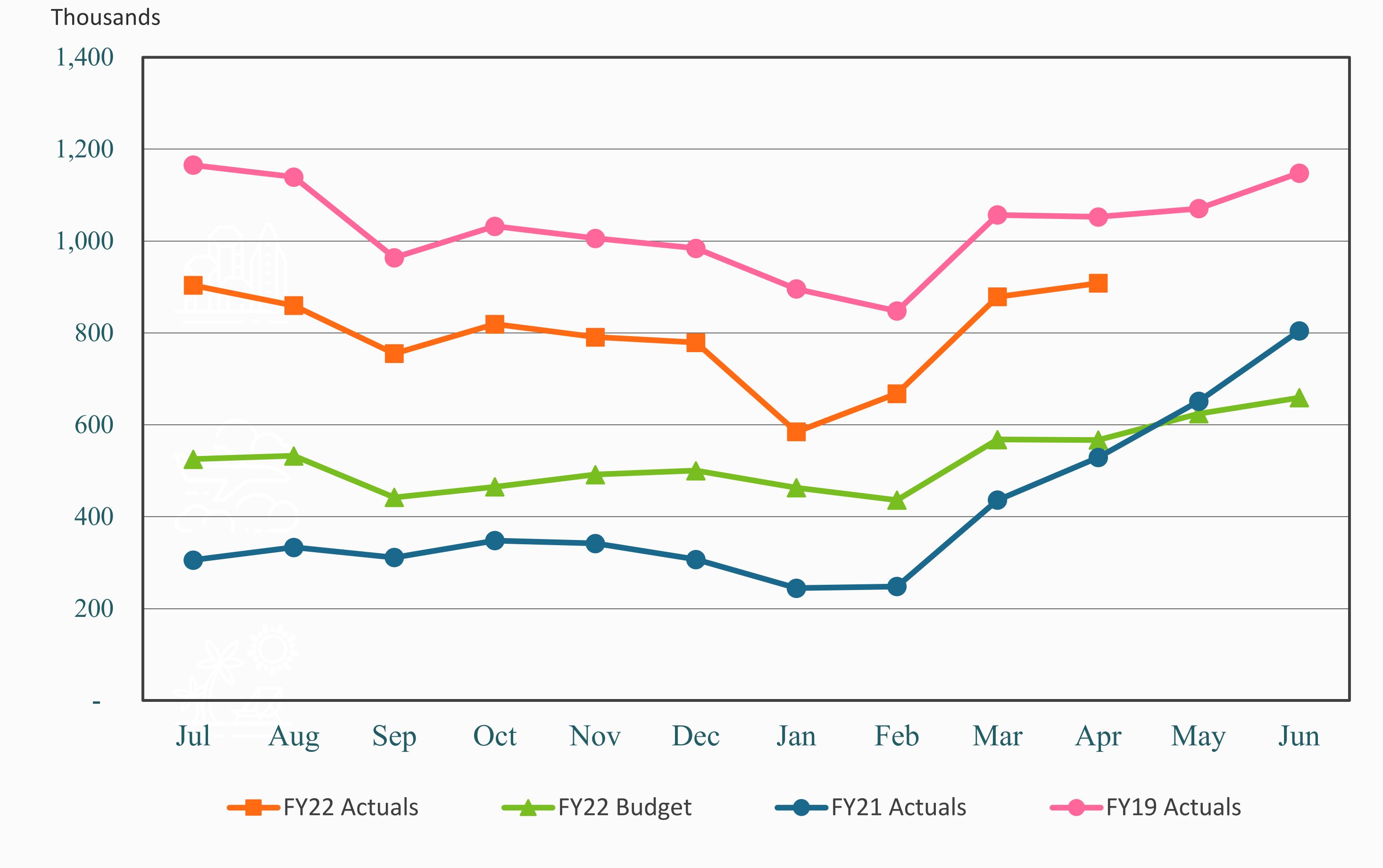
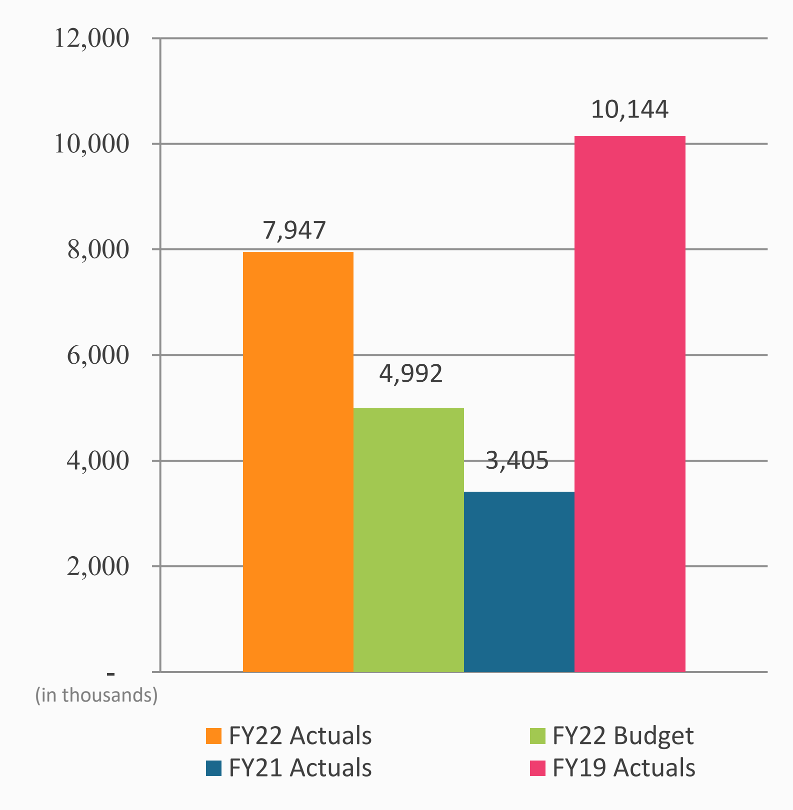
Source: Bloomberg.

Enplanements



FY22 YTD Act Vs.
FY22 YTD Budget
59.2%

FY22 YTD Act Vs.
FY21 YTD Act
133.4%



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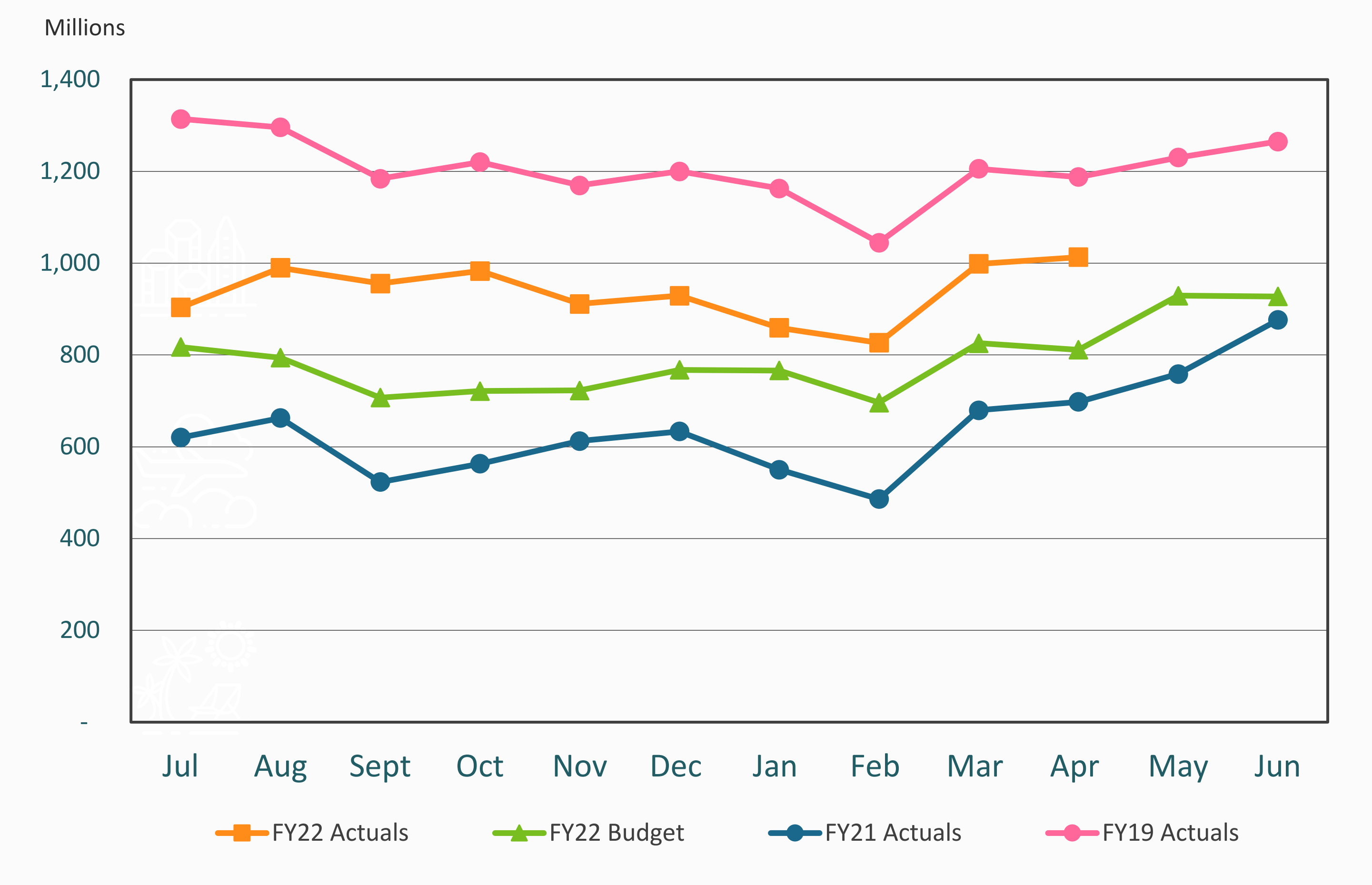
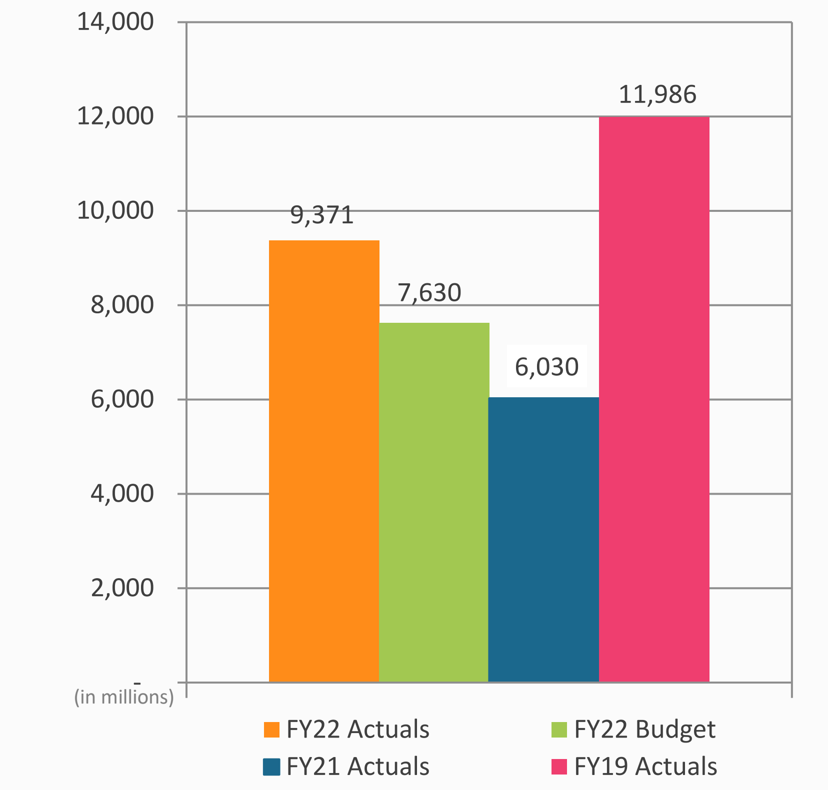
Landed Weights



FY22 YTD Act Vs. FY22 YTD Budget	FY22 YTD Act Vs. FY21 YTD Act
22.1%	56.1%



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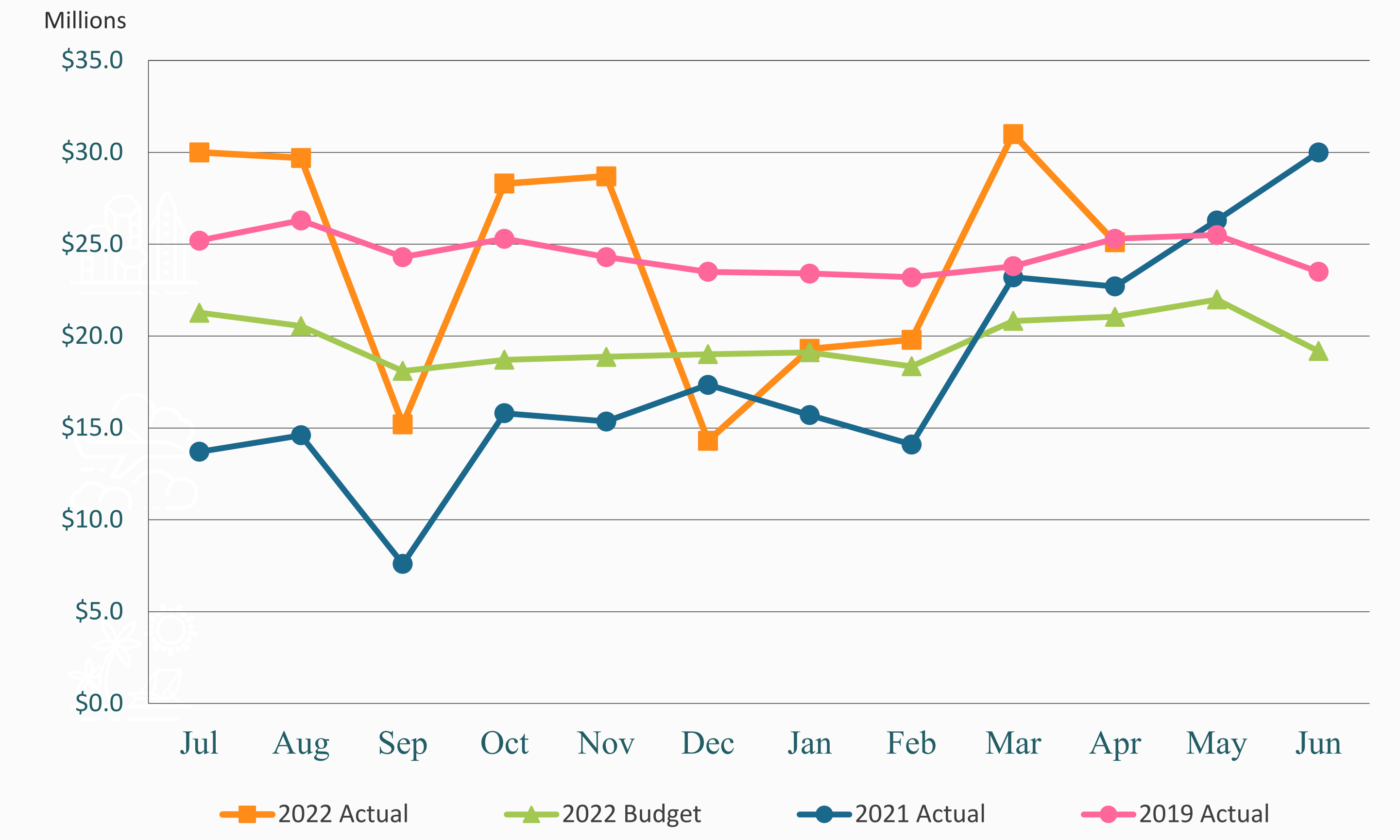
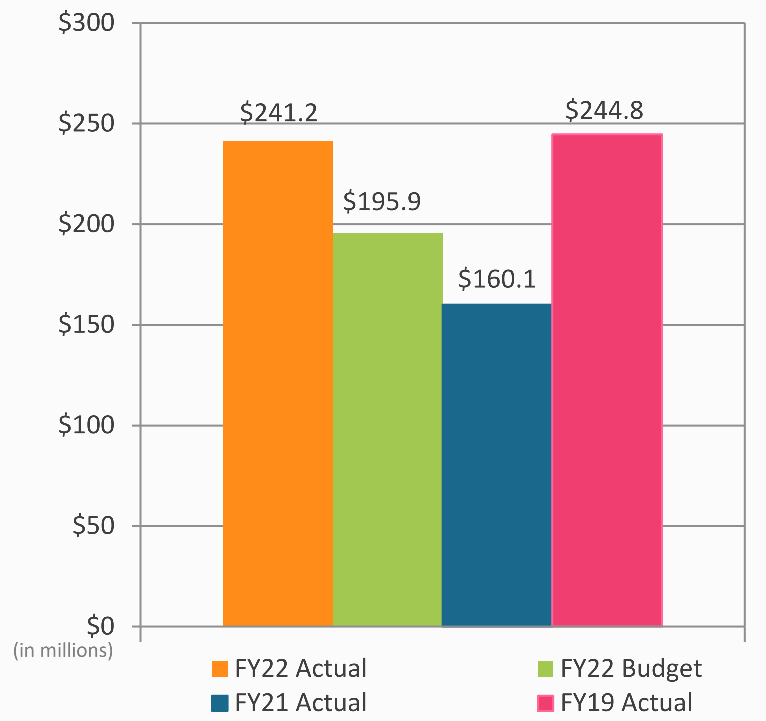
Total Operating Revenue (Unaudited)



FY22 YTD Act Vs.
FY22 YTD Budget
23.2%

FY22 YTD Act Vs.
FY21 YTD Act
50.8%



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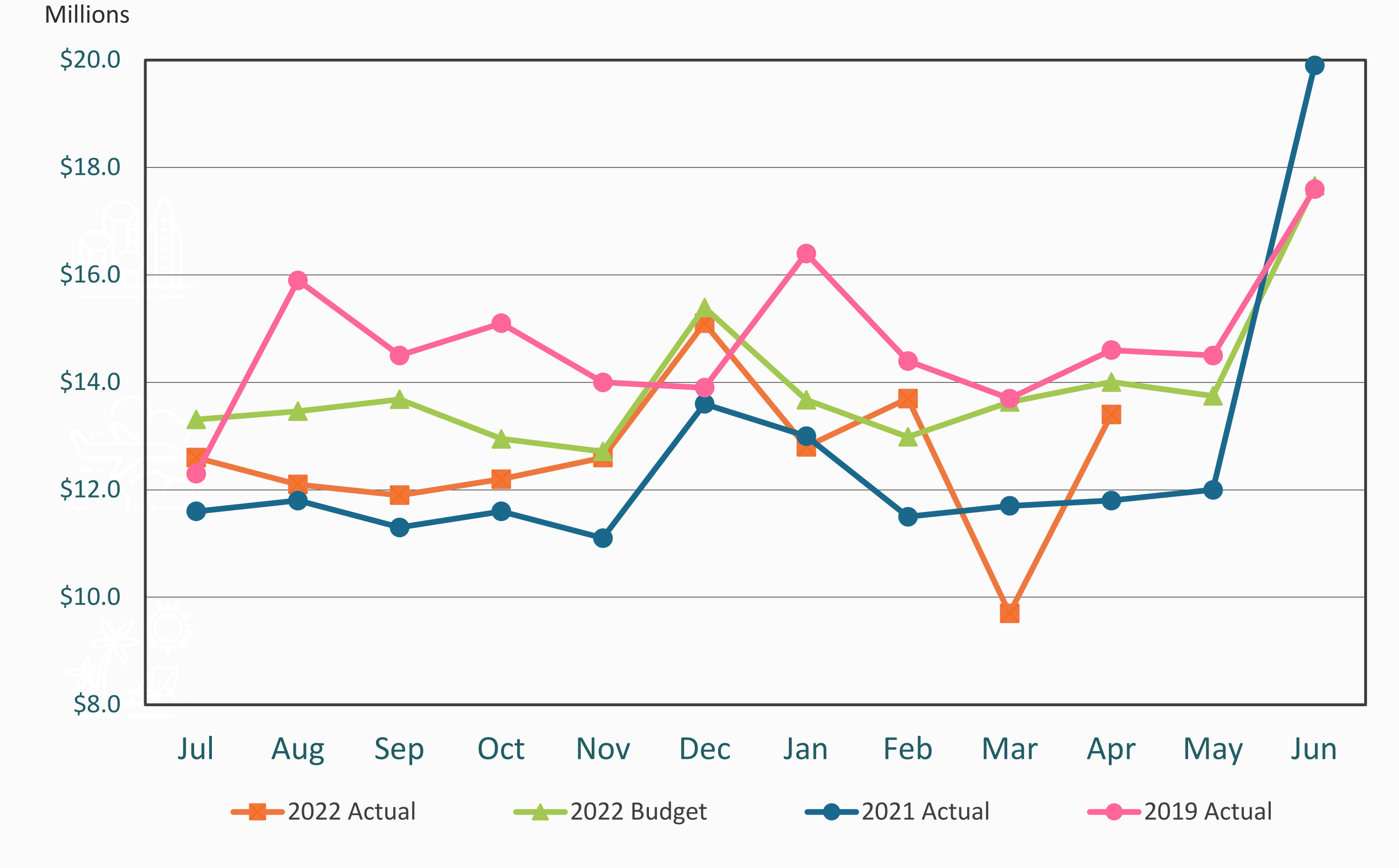
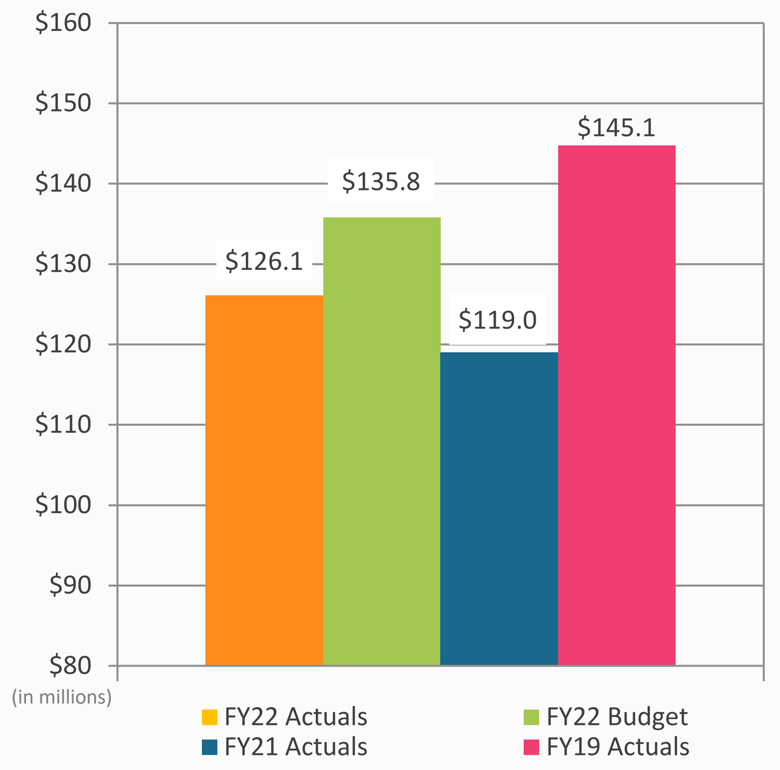
Total Operating Expenses (Unaudited)



FY22 YTD Act Vs.
FY22 YTD Budget
7.1%

FY22 YTD Act Vs.
FY21 YTD Act
-6.0%



Revenue & Expense (Unaudited) For the Ten Months Ended April 30, 2022 and 2021

SAN DIEGO INTERNATIONAL AIRPORT
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Operating Revenues for the Ten Months Ended April 30, 2022(Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	YTD 4/30/21	YTD 4/30/19
Aviation	$ 117,606	$ 115,330	$ (2,276)	(2)%	$ 99,678	$ 113,578
Terminal concessions	10,617	20,429	9,812	92%	7,611	$ 24,422
Rental car	15,201	30,732	15,531	102%	11,228	$ 28,496
Parking	21,068	36,150	15,082	72%	16,085	$ 38,139
Other operating	31,373	38,516	7,143	23%	25,499	$ 40,114
Total operating revenues	**$ 195,865**	**$ 241,157**	**$ 45,292**	**23%**	**$ 160,101**	**$ 244,749**

SAN DIEGO INTERNATIONAL AIRPORT
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Operating Expenses for the Ten Months Ended April 30, 2022 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	YTD 4/30/21	YTD 4/30/19
Salaries and benefits	$ 41,807	$ 35,040	$ 6,767	16%	$ 40,392	$ 39,735
Contractual services	26,738	27,388	(650)	(2)%	19,696	40,925
Safety and security	29,361	27,817	1,544	5%	28,239	25,954
Space rental	8,878	8,782	96	1%	8,525	8,492
Utilities	11,901	11,975	(74)	(1)%	9,528	11,217
Maintenance	9,212	8,595	617	7%	7,484	10,792
Equipment and systems	217	244	(27)	(12)%	350	270
Materials and supplies	485	389	96	20%	363	468
Insurance	1,538	1,475	63	4%	1,288	1,017
Employee development and support	661	404	257	39%	354	844
Business development	1,508	1,001	507	34%	119	2,184
Equipment rental and repairs	3,514	2,986	528	15%	2,712	3,200
Total operating expenses	**$ 135,820**	**$ 126,096**	**$ 9,724**	**7%**	**$ 119,050**	**$ 145,098**

SAN DIEGO INTERNATIONAL AIRPORT
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Net Operating Income (Loss) Summary for the Ten Months Ended April 30, 2022(Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	YTD 4/30/21	YTD 4/30/19
Total operating revenues	$ 195,865	$ 241,157	$ 45,292	23%	$ 160,101	$ 244,749
Total operating expenses	135,820	126,096	9,724	7%	119,050	145,098
Income from operations	**60,045**	**115,061**	**55,016**	**92%**	**41,051**	**99,651**
Depreciation	110,792	110,792	-	-	106,518	96,454
Operating income (loss)	**$ (50,747)**	**$ 4,269**	**$ 55,016**	**108%**	**$ (65,467)**	**$ 3,197**

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Nonoperating Revenues & Expenses for the Ten Months Ended April 30, 2022 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	YTD 4/30/21	YTD 4/30/19
Passenger facility charges	$ 18,995	$ 32,068	$ 13,073	69%	$ 13,943	$ 40,449
Customer facility charges	16,585	24,715	8,130	49%	11,239	34,336
Federal Relief Grants	60,000	73,583	13,583	23%	64,857	-
Quieter Home Program, net	(1,746)	(2,395)	(649)	(37)%	(2,334)	(2,658)
Interest income	8,867	11,791	2,924	33%	11,412	13,830
Interest expense (net)	(59,468)	(81,262)	(21,794)	(37)%	(56,551)	(58,154)
Other nonoperating revenue (expense)	(8)	(70,873)	(70,865)	-	(8,355)	4,919
Nonoperating revenue, net	**43,225**	**(12,373)**	**(55,598)**	**(129)%**	**34,211**	**32,722**
Change in net position before capital grant contributions	**(7,522)**	**(8,104)**	**(582)**	(8)%	**(31,256)**	**35,919**
Capital grant contributions	207	3,999	3,792	1832%	9,518	7,569
Change in net position	**$ (7,315)**	**(4,105)**	**$ 3,210**	**44%**	**$ (21,738)**	**$ 43,488**

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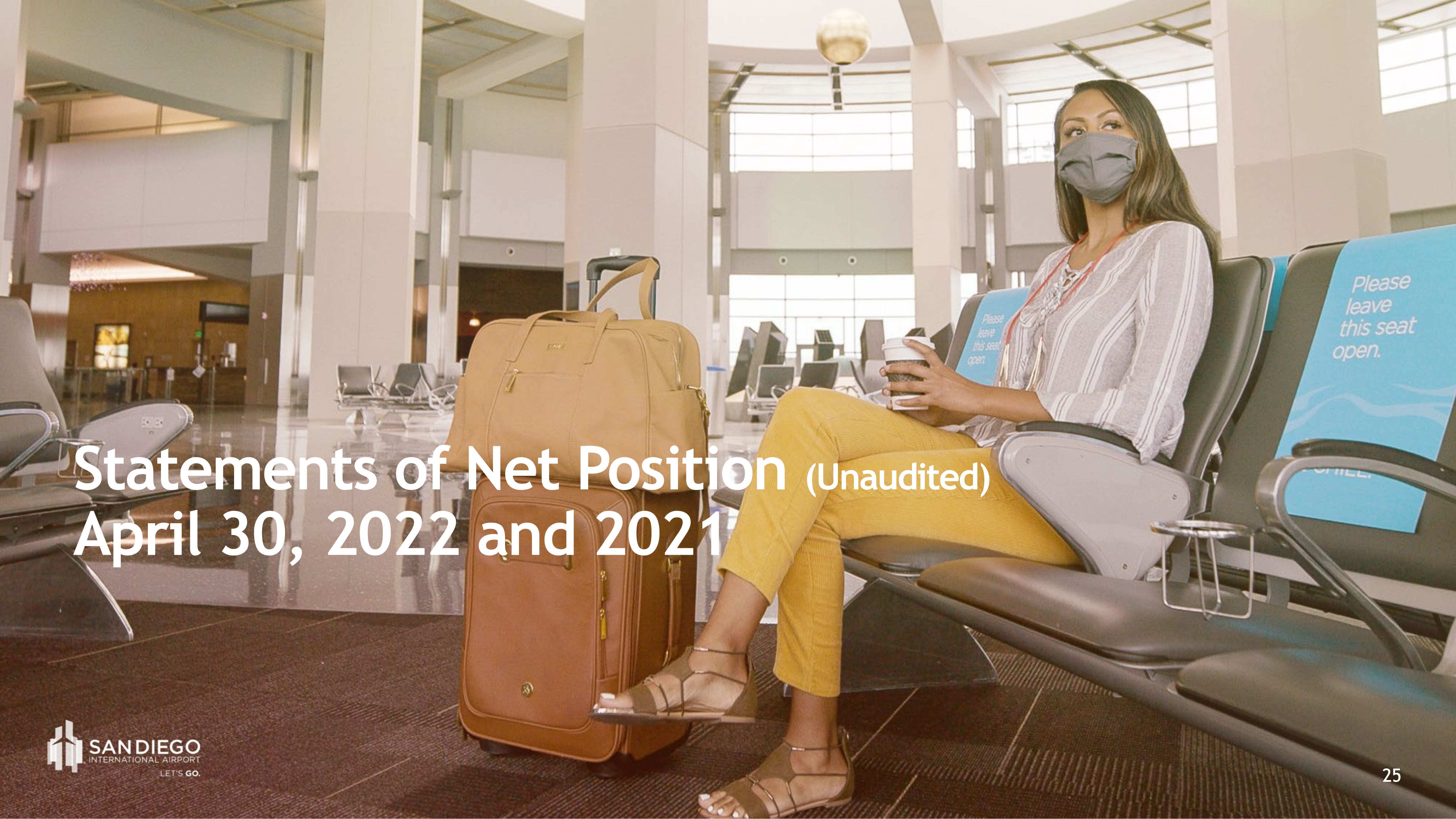

Statements of Net Position (Unaudited)
April 30, 2022 and 2021

SAN DIEGO
INTERNATIONAL AIRPORT
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Statements of Net Position (Unaudited)
As of April 30, 2022 and 2021 (In Thousands)

	2022	2021
Assets and Deferred Outflows of Resources		
Current assets	177,333	140,421
Cash designated for capital projects and other	49,282	118,432
Restricted assets	2,381,480	560,372
Capital assets, net	2,003,976	1,816,264
Other assets	274,859	173,821
Deferred outflows of resources	21,393	21,918
Total assets and deferred outflows of resources	**$ 4,908,323**	**$ 2,831,228**

SAN DIEGO INTERNATIONAL AIRPORT
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Statements of Net Position (Unaudited)
As of April 30, 2022 and 2021 (In Thousands)

	2022	2021
Liabilities and Deferred Inflows of Resources		
Current liabilities	$ 123,158	$ 61,645
Liabilities payable from restricted assets	93,874	63,752
Long term liabilities	3,778,454	1,830,793
Deferred inflows of resources	38,095	11,713
Total liabilities and deferred inflows of resources	**$ 4,033,581**	**$ 1,967,903**
Total net position	**$ 874,742**	**$ 863,325**

SAN DIEGO INTERNATIONAL AIRPORT
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Questions?

SAN DIEGO INTERNATIONAL AIRPORT

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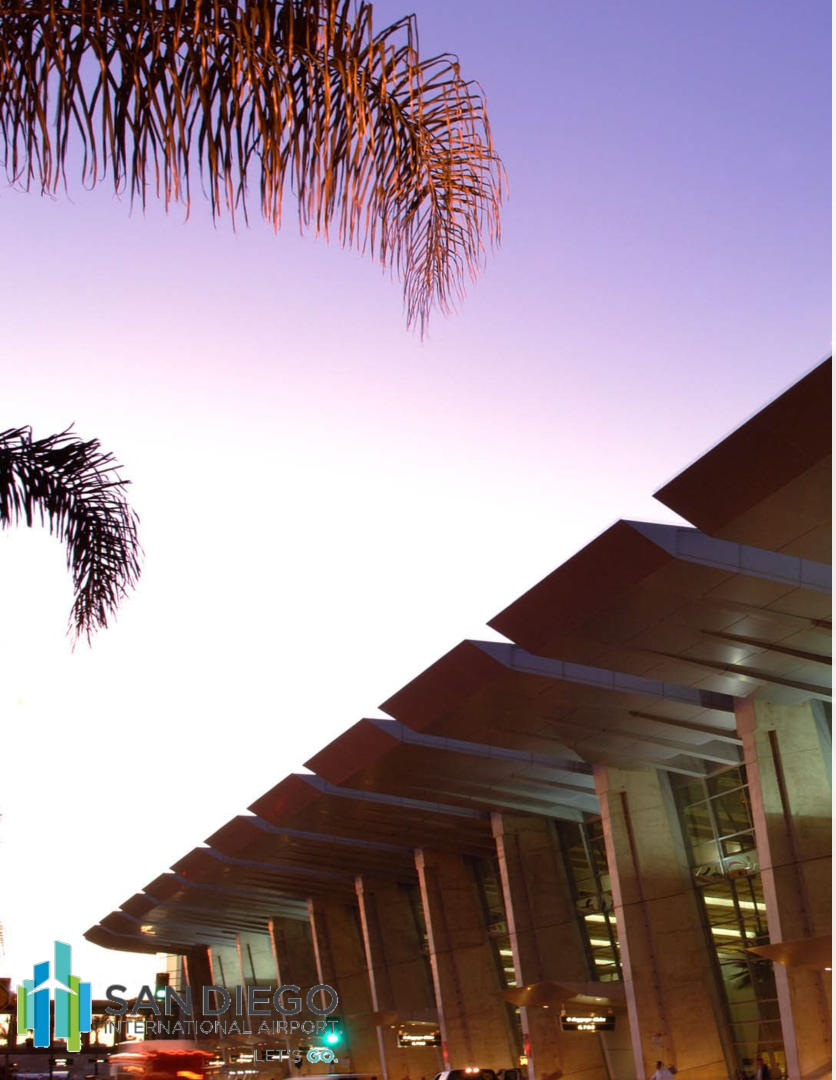
Investment Report

Period Ending
April 30, 2022

Presented by: Geoff Bryant
Manager Airport Finance

May 23, 2022



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

SAN DIEGO INTERNATIONAL AIRPORT.
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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

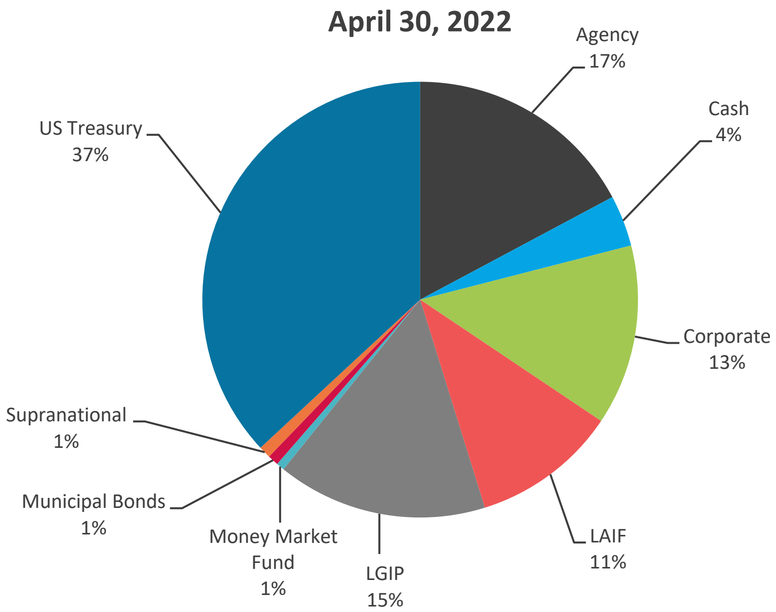
	04/30/2022	03/31/2022	Change
	Portfolio	**Portfolio**	**Portfolio**
Average Maturity (yrs)	1.48	1.51	(0.03)
Average Purchase Yield	1.38%	1.29%	0.09%
Average Market Yield	1.93%	1.59%	0.34%
Average Quality*	AA/Aa1	AA/Aa1	
Unrealized Gains/Losses	(13,329,739)	(9,748,173)	(3,581,566)
Total Market Value	584,929,306	567,468,452	17,460,854

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

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Sector Distribution

	April 30, 2022		March 31, 2022	
	Total Market Value	% of Portfolio	Total Market Value	% of Portfolio
Agency	100,410,380	17.2%	100,863,139	17.8%
Cash	22,405,907	3.8%	17,273,450	3.0%
Corporate	78,478,544	13.4%	70,914,516	12.5%
LAIF	63,433,712	10.8%	63,402,114	11.2%
LGIP	91,098,347	15.6%	90,994,930	16.0%
Money Market Fund	3,126,207	0.6%	2,232,057	0.4%
Municipal Bonds	4,948,817	0.8%	4,976,992	0.9%
Supranational	5,205,848	0.9%	7,259,586	1.3%
US Treasury	215,821,544	36.9%	209,551,667	36.9%
TOTAL	**584,929,306**	**100.0%**	**567,468,452**	**100.0%**



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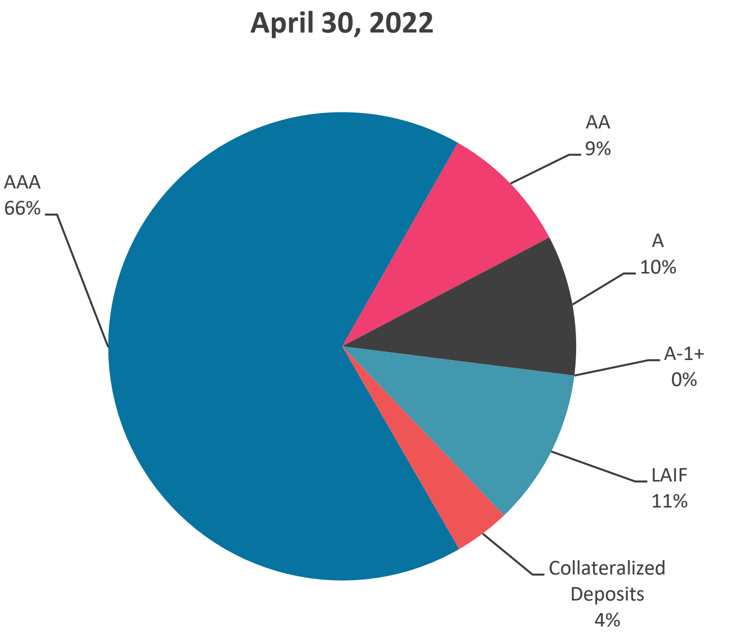
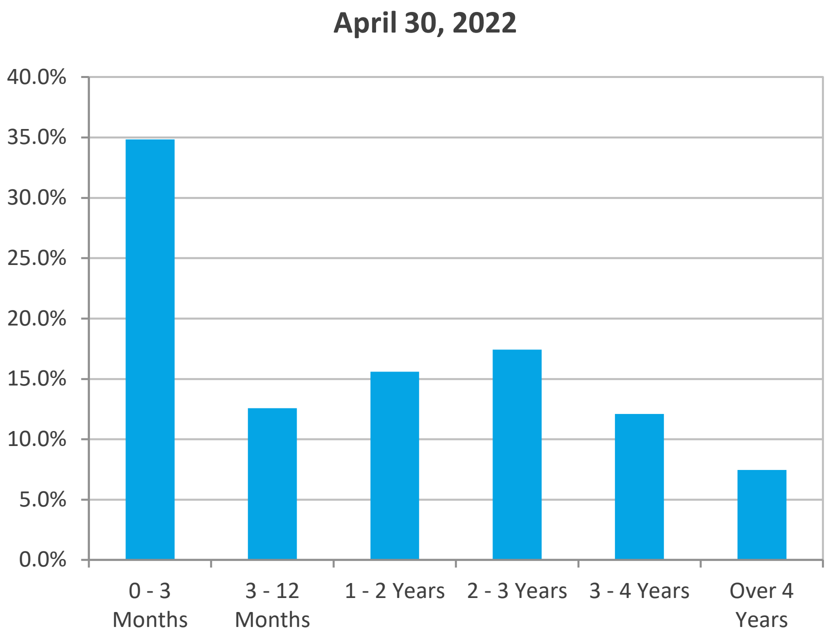
Quality & Maturity Distribution





Notes:

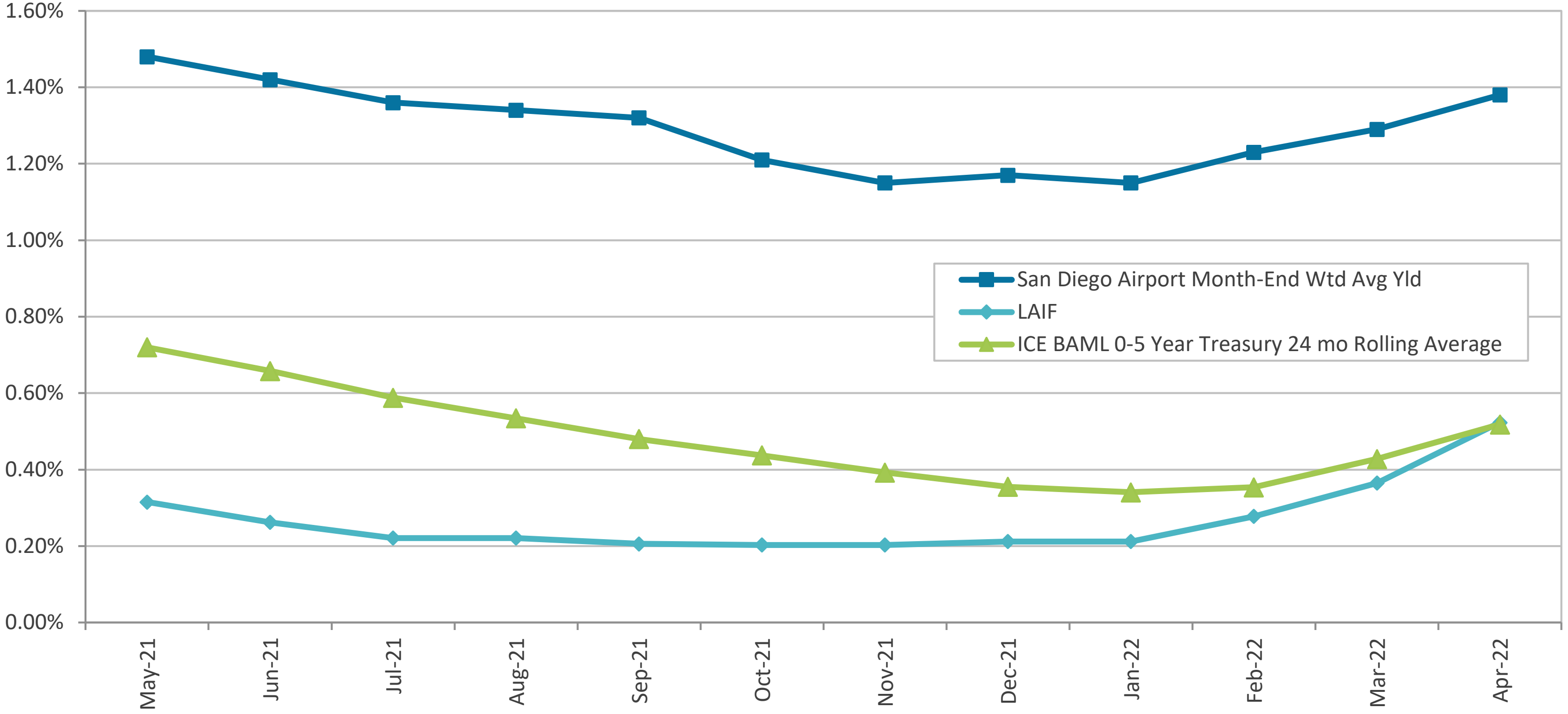
Security ratings are based on the highest rating provided by Moody's, S&P and Fitch and is presented using the S&P ratings scale.

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

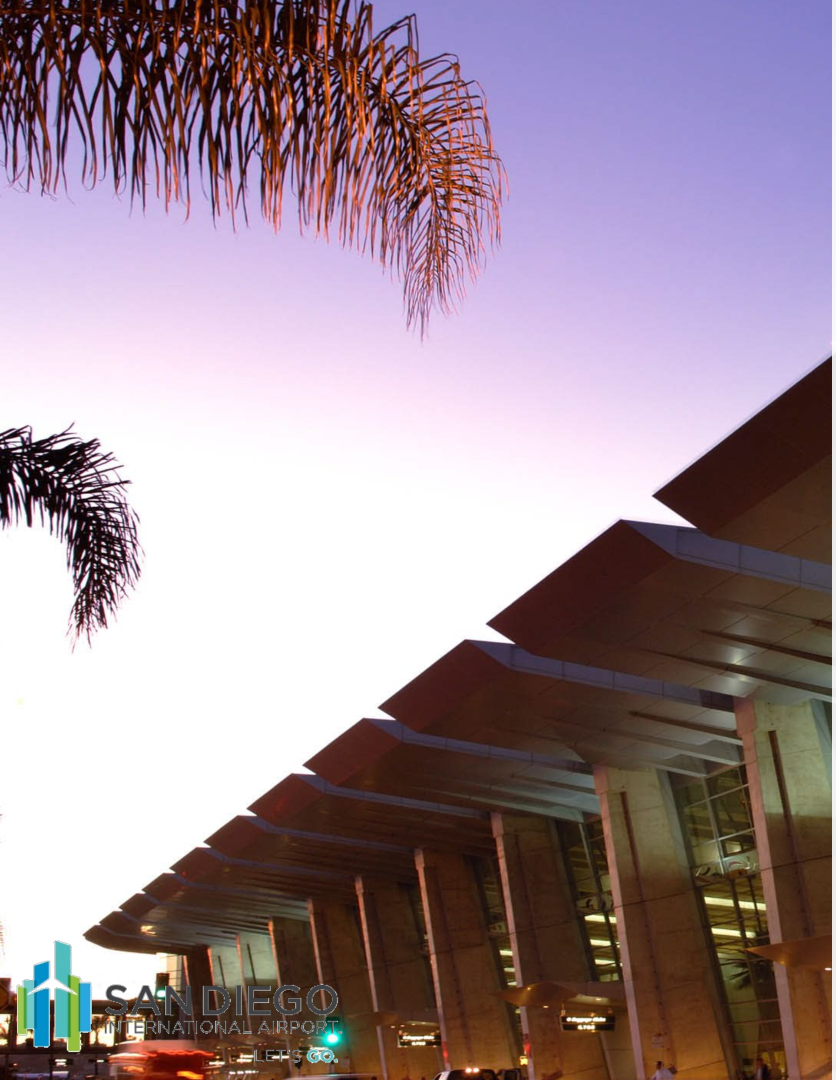
Notes:

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

Investment Performance



SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.



Section 2

Bond Proceeds

Bond and Short-Term Debt Proceeds

Summary of Short-Term Debt and 2014, 2017, 2019, 2020 & 2021 Bond Proceeds (1)

As of April 30, 2022 (in thousands)

	2014 Special Facility Revenue Bond	2017, 2019, 2020 & 2021 General Airport Revenue Bonds	2021 Bank of America Revolver	Total Proceeds	Yield	Rating
Project Fund						
Treasuries	-	1,177,799	-	1,177,799	0.60%	AAm
LAIF	-	180,597	-	180,597	0.60%	N/R
SDCIP	-	336,046	964	337,010	0.86%	AAAf
Money Market Fund	-	7,220	-	7,220	0.03%	AAAm
	-	1,701,662	964	1,702,626	0.66%	
Debt Service Reserve & Coverage Funds						
Money Market Fund	-	2	-	2	0.03%	AAAm
SDCIP	29,241	39,805	-	69,046	0.86%	AAAf
LAIF	-	144,046	-	144,046	0.60%	N/R
	29,241	183,853	-	213,094	0.70%	
Capitalized Interest Funds						
Treasuries	-	196,982	-	196,982	0.60%	Aam
Money Market Fund	-	44,408	-	44,408	0.03%	AAAm
SDCIP	-	2,216	-	2,216	0.86%	AAAf
	-	243,606	-	243,606	0.50%	
Cost of Issuance Funds						
Money Market Fund	-	22	-	22	0.03%	AAAm
	-	22	-	22	0.03%	
TOTAL	**29,241**	**2,129,143**	**964**	**2,159,348**	**0.64%**	

(1) Bond Proceeds are not included in deposit limits as applied to operating funds. SDCIP Yield as of March 31, 2022.

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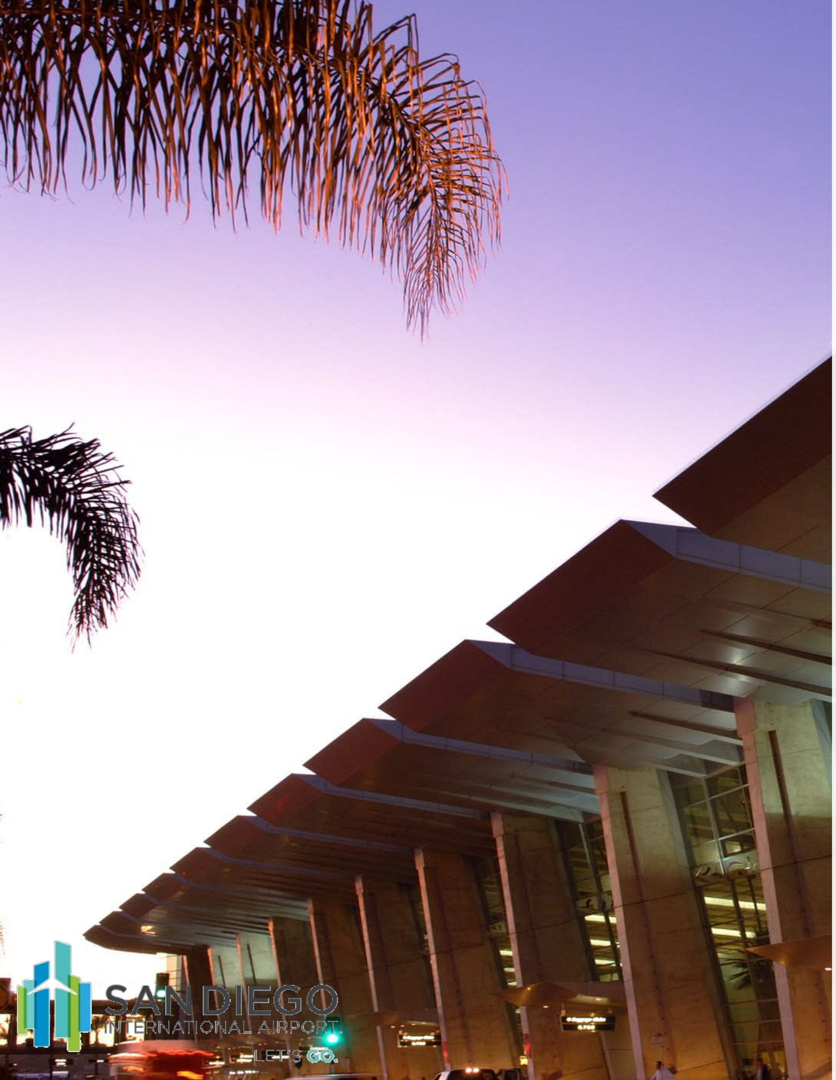
Questions?



Section 3

Appendix

Compliance

April 30, 2022

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
U.S. Treasuries	No limitations; Full faith and credit of the U.S. are pledged for the payment of principal and interest	*Complies*
Federal Agencies	No limitations; Federal agencies or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those issued or fully guaranteed as to principal and interest by federal agencies or U.S. government sponsored enterprises	*Complies*
Supranational Obligations	"AA" rating category or higher by a NRSRO; 30% max; 10% max per issuer; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by IBRD, IFC, or IADB	*Complies*
Municipal Securities (CA, Other States)	"A" rating category or better by a NRSRO; 20% max; 5% max per issuer; Include obligations of the State of California, and any local agency within the State of California; Bonds of 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 of the other 49 states, in addition to California	*Complies*
Corporate Medium Term Notes	"A" rating category or better by a NRSRO; 20% max; 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. or any state and operating within the U.S.	*Complies*
Asset-Backed Securities (ABS)	"AA" rating or better by a NRSRO; 10% max (combined ABS/MBS/CMO and Mortgage Pass-Through Securities); 5% max per ABS issuer unless the issuer is U.S. Treasury or Federal Agency/GSE; Asset-Backed Securities from issuers not defined in sections (a) U.S. Treasury and (b) Federal Agency of the Authorized Investments section of the policy	*Complies*
Mortgage-Backed Securities (MBS), Mortgage Pass-Through Securities, Collateralized Mortgage Obligations	"AA" rating or better by a NRSRO; 10% max (combined ABS/MBS/CMO and Mortgage Pass-Through Securities); 5% max per issuer unless the issuer is U.S. Treasury or Federal Agency/GSE; Mortgage-Backed Securities, Mortgage Pass-Through Securities and CMO from issuers not defined in sections (a) U.S. Treasury and (b) Federal Agency of the Authorized Investments section of the policy	*Complies*
Negotiable Certificates of Deposit (NCD)	"A" rating category or better by a NRSRO; 30% max; 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*
Certificate of Deposit Placement Service (CDARS)	30% max; 3 years max maturity	*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% max; 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*
Banker's Acceptances	Highest rating category by a NRSRO; 40% max; 5% max per bank; 180 days max maturity	*Complies*
Commercial Paper	"Prime" quality of the highest rating by a NRSRO; 25% max; 5% max per issuer (combined with any other securities from that issuer); 270 days maturity; Issued by an entity that meets all of the following conditions in either (a) or (b): a. (i) organized and operating within the U.S. as a general corporation; (ii) has total assets > $500 million; (iii) has "A" rating category or higher by a NRSRO, if issuer has debt other than commercial paper. b. (i) organized within the U.S. as a special purpose corporation, trust, or limited liability company; (ii) has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond; (iii) rated "A-1" or higher by a NRSRO.	*Complies*
Money Market Funds	20% max; 10% max per fund; 5% max of total fund balance; Registered with SEC under Investment Company Act of 1940; Companies shall either: (i) Attain highest rating by two NRSROs; or (ii) Retain an investment adviser registered or exempt from SEC registration with > 5 years experience managing money market mutual funds with AUM >$500 million	*Complies*
Local Agency Investment Fund (LAIF)	The market value of the Authority's investment in LAIF may not exceed the current deposit limit for regular LAIF accounts; Pursuant to California Government Code	*Complies*
San Diego County Investment Pool (SDCIP)	The market value of the Authority's investment in SDCIP may not exceed the current deposit limit for regular LAIF accounts; Pursuant to California Government Code	*Complies*
Local Government Investment Pool (LGIP)/ CalTRUST	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; Pursuant to California Government Code	*Complies*
Local Government Investment Pool (LGIP)/ Joint Powers Authority (JPA)	AAAm issuer rating; The market value of the Authority's investment in any LGIP may not exceed the LAIF statutory limit; Pursuant to California Government Code	*Complies*
Repurchase Agreements	"A" rating category or better by a NRSRO; 1 year max maturity; 102% Collateralized with U.S. Treasury or Federal Agency	*Complies*
Prohibited	Inverse floaters, Range notes, Interest-only strips from a pool of mortgages; Common stocks; Any security that could result in zero or negative interest accrual if held to maturity unless they are securities issued or backed by the U.S. Government under a provision sunsetting January 1, 2026 and the Authority has exhausted all other potential investment options to avoid a zero or negative interest accrual.	*Complies*
Average Maturity	3 years	*Complies*
Maximum maturity	5 years	*Complies*

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2022

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									
3130AEBM1	FHLB Note 2.750% Due 06/10/2022	7,150,000.00	Various 2.82%	7,131,662.00	100.22 0.73%	7,165,987.40 77,011.46	1.24% 34,325.40	Aaa / AA+ NR	0.11 0.11
3135G0W33	FNMA Note 1.375% Due 09/06/2022	5,000,000.00	09/06/2019 1.55%	4,974,800.00	100.06 1.19%	5,003,135.00 10,503.47	0.86% 28,335.00	Aaa / AA+ AAA	0.35 0.35
313383WD9	FHLB Note 3.125% Due 09/09/2022	4,000,000.00	09/27/2018 3.00%	4,019,040.00	100.66 1.26%	4,026,564.00 18,055.56	0.69% 7,524.00	Aaa / AA+ AAA	0.36 0.36
3135G0T78	FNMA Note 2.000% Due 10/05/2022	7,500,000.00	03/02/2020 0.86%	7,717,875.00	100.28 1.34%	7,521,247.50 10,833.33	1.29% (196,627.50)	Aaa / AA+ AAA	0.43 0.43
3130A3KM5	FHLB Note 2.500% Due 12/09/2022	6,000,000.00	08/16/2018 2.81%	5,924,640.00	100.42 1.81%	6,025,014.00 59,166.67	1.04% 100,374.00	Aaa / AA+ NR	0.61 0.60
313383QR5	FHLB Note 3.250% Due 06/09/2023	4,900,000.00	09/11/2018 2.97%	4,959,045.00	101.05 2.28%	4,951,685.20 62,815.28	0.86% (7,359.80)	Aaa / AA+ NR	1.11 1.07
3133EJUS6	FFCB Note 2.875% Due 07/17/2023	6,000,000.00	02/07/2019 2.56%	6,078,480.00	100.61 2.36%	6,036,612.00 49,833.33	1.04% (41,868.00)	Aaa / AA+ AAA	1.21 1.18
3133EKZK5	FFCB Note 1.600% Due 08/14/2023	7,000,000.00	08/19/2019 1.55%	7,012,460.00	99.08 2.33%	6,935,621.00 23,955.56	1.19% (76,839.00)	Aaa / AA+ AAA	1.29 1.26
313383YJ4	FHLB Note 3.375% Due 09/08/2023	7,000,000.00	Various 2.65%	7,219,535.00	101.22 2.45%	7,085,638.00 34,781.25	1.22% (133,897.00)	Aaa / AA+ NR	1.36 1.31
3130A0F70	FHLB Note 3.375% Due 12/08/2023	6,850,000.00	Various 2.75%	7,045,064.00	101.22 2.60%	6,933,364.50 91,832.81	1.20% (111,699.50)	Aaa / AA+ AAA	1.61 1.54
3130AB3H7	FHLB Note 2.375% Due 03/08/2024	6,800,000.00	Various 2.36%	6,805,744.00	99.49 2.66%	6,765,177.20 23,776.39	1.16% (40,566.80)	Aaa / AA+ NR	1.86 1.80

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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
3133EKNX0	FFCB Note 2.160% Due 06/03/2024	5,000,000.00	07/19/2019 1.89%	5,062,250.00	99.09 2.61%	4,954,710.00 44,400.00	0.85% (107,540.00)	Aaa / AA+ AAA	2.10 2.01
3130A1XJ2	FHLB Note 2.875% Due 06/14/2024	8,000,000.00	06/12/2019 2.00%	8,331,920.00	100.30 2.73%	8,024,232.00 87,527.78	1.39% (307,688.00)	Aaa / AA+ NR	2.13 2.02
3135G0V75	FNMA Note 1.750% Due 07/02/2024	7,350,000.00	07/19/2019 1.87%	7,310,236.50	97.96 2.72%	7,200,207.00 42,517.71	1.24% (110,029.50)	Aaa / AA+ AAA	2.18 2.10
3135G0W66	FNMA Note 1.625% Due 10/15/2024	5,000,000.00	12/03/2019 1.64%	4,997,100.00	97.12 2.85%	4,856,125.00 3,611.11	0.83% (140,975.00)	Aaa / AA+ AAA	2.46 2.38
3137EAEP0	FHLMC Note 1.500% Due 02/12/2025	6,500,000.00	03/04/2020 0.85%	6,703,710.00	96.35 2.87%	6,263,042.50 21,395.83	1.07% (440,667.50)	Aaa / AA+ AAA	2.79 2.69
TOTAL Agency		**100,050,000.00**	**2.10%**	**101,293,561.50**	**2.19%**	**99,748,362.30** **662,017.54**	**17.17%** **(1,545,199.20)**	**Aaa / AA+** **Aaa**	**1.39** **1.34**
Cash									
PP2118$00	U.S. Bank Checking Account	29,358.87	Various 0.00%	29,358.87	1.00 0.00%	29,358.87 0.00	0.01% 0.00	NR / NR NR	0.00 0.00
PP2118$12	U.S. Bank Checking Account	50,301.54	Various 0.00%	50,301.54	1.00 0.00%	50,301.54 0.00	0.01% 0.00	NR / NR NR	0.00 0.00
PP2118V$7	EastWest Bank Deposit Account	8,861,403.00	Various 0.10%	8,861,403.00	1.00 0.10%	8,861,403.00 0.00	1.51% 0.00	NR / NR NR	0.00 0.00
PP2118V$8	EastWest Bank Deposit Account	109,140.19	Various 0.10%	109,140.19	1.00 0.10%	109,140.19 0.00	0.02% 0.00	NR / NR NR	0.00 0.00

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PP2118V$9	U.S. Bank Checking Account	13,355,703.72	Various 0.00%	13,355,703.72	1.00 0.00%	13,355,703.72 0.00	2.28% 0.00	NR / NR NR	0.00 0.00
TOTAL Cash		**22,405,907.32**	**0.04%**	**22,405,907.32**	**0.04%**	**22,405,907.32** **0.00**	**3.83%** **0.00**	**NR / NR** **NR**	**0.00** **0.00**
Corporate									
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	100.35 1.85%	2,006,970.00 28,430.56	0.35% 51,790.00	A3 / A A	0.51 0.33
24422EUA5	John Deere Capital Corp Note 2.700% Due 01/06/2023	3,500,000.00	Various 3.22%	3,422,355.00	100.56 1.86%	3,519,722.50 30,187.50	0.61% 97,367.50	A2 / A A	0.69 0.67
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	100.24 2.35%	2,004,802.00 16,500.00	0.35% 57,942.00	A1 / A+ A+	0.70 0.68
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	100.43 2.14%	2,008,574.00 7,027.78	0.34% 47,554.00	Aa2 / AA A+	0.87 0.70
037833AK6	Apple Inc Note 2.400% Due 05/03/2023	2,000,000.00	07/19/2019 2.13%	2,019,760.00	100.11 2.29%	2,002,178.00 23,733.33	0.35% (17,582.00)	Aaa / AA+ NR	1.01 0.98
58933YAF2	Merck & Co Note 2.800% Due 05/18/2023	3,000,000.00	07/22/2019 2.11%	3,075,480.00	100.31 2.49%	3,009,438.00 38,033.33	0.52% (66,042.00)	A1 / A+ A+	1.05 1.02
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	101.11 2.35%	2,022,116.00 23,611.11	0.35% 14,096.00	Aa2 / AA AA	1.16 1.04
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	99.17 2.86%	3,966,764.00 18,333.34	0.68% (29,436.00)	A1 / A AA-	1.30 1.26

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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
857477AM5	State Street Bank Note 3.700% Due 11/20/2023	2,000,000.00	08/19/2019 2.06%	2,132,940.00	101.16 2.93%	2,023,174.00 33,094.44	0.35% (109,766.00)	A1 / A AA-	1.56 1.48
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	100.58 2.99%	2,011,636.00 21,030.56	0.35% (13,744.00)	A1 / A+ A+	1.69 1.62
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	100.41 3.12%	2,008,256.00 16,125.00	0.35% (8,964.00)	A2 / A+ A+	1.77 1.61
023135BW5	Amazon.com Inc Note 0.450% Due 05/12/2024	5,000,000.00	12/13/2021 0.95%	4,940,800.00	95.50 2.74%	4,774,935.00 10,562.50	0.82% (165,865.00)	A1 / AA AA-	2.04 1.99
14912L6C0	Caterpillar Finance Serv Corp Note 3.300% Due 06/09/2024	5,000,000.00	12/28/2021 1.08%	5,266,100.00	100.57 3.02%	5,028,355.00 65,083.33	0.87% (237,745.00)	A2 / A A	2.11 2.00
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	98.82 2.83%	3,952,924.00 19,422.22	0.68% (106,916.00)	A2 / A A	2.30 2.20
59217GEP0	Metlife Note 0.700% Due 09/27/2024	4,000,000.00	01/25/2022 1.49%	3,918,000.00	93.81 3.40%	3,752,216.00 2,644.44	0.64% (165,784.00)	Aa3 / AA- AA-	2.41 2.35
24422EVY2	John Deere Capital Corp Note 1.250% Due 01/10/2025	2,000,000.00	01/11/2022 1.42%	1,989,790.00	95.07 3.17%	1,901,320.00 7,708.33	0.33% (88,470.00)	A2 / A A	2.70 2.61
69371RQ66	Paccar Financial Corp Note 1.800% Due 02/06/2025	2,500,000.00	04/18/2022 2.98%	2,421,150.00	96.17 3.26%	2,404,352.50 10,625.00	0.41% (16,797.50)	A1 / A+ NR	2.78 2.66
57636QAN4	MasterCard Inc Callable Note 1x 02/03/2025 2.000% Due 03/03/2025	3,000,000.00	03/01/2022 1.70%	3,025,950.00	97.22 3.03%	2,916,528.00 9,666.67	0.50% (109,422.00)	A1 / A+ NR	2.84 2.73
87612EBL9	Target Corp Callable Note Cont 4/15/25 2.250% Due 04/15/2025	5,000,000.00	02/01/2022 1.75%	5,077,959.20	97.14 3.27%	4,856,940.00 5,000.00	0.83% (221,019.20)	A2 / A A	2.96 2.83

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91159HHZ6	US Bancorp Callable Note Cont 4/11/2025 1.450% Due 05/12/2025	3,000,000.00	11/16/2021 1.26%	3,019,200.00	94.27 3.46%	2,828,022.00 20,420.83	0.49% (191,178.00)	A2 / A+ A+	3.04 2.91
037833BG4	Apple Inc Note 3.200% Due 05/13/2025	4,000,000.00	02/07/2022 1.80%	4,175,880.00	100.30 3.09%	4,012,168.00 59,733.33	0.70% (163,712.00)	Aaa / AA+ NR	3.04 2.83
78015K7H1	Royal Bank of Canada Note 1.150% Due 06/10/2025	5,000,000.00	Various 1.06%	5,016,340.00	92.34 3.78%	4,616,865.00 22,520.84	0.79% (399,475.00)	A1 / A AA-	3.12 2.99
26442UAA2	Duke Energy Progress LLC Callable Note Cont 5/15/25 3.250% Due 08/15/2025	2,000,000.00	04/21/2022 3.40%	1,990,440.00	99.38 3.45%	1,987,520.00 13,722.22	0.34% (2,920.00)	Aa3 / A NR	3.30 3.07
89114QCK2	Toronto Dominion Bank Note 0.750% Due 09/11/2025	5,000,000.00	Various 1.10%	4,933,570.00	90.90 3.65%	4,544,805.00 5,208.34	0.78% (388,765.00)	A1 / A AA-	3.37 3.26
808513BY0	Charles Schwab Corp Callable Note Cont 2/3/2027 2.450% Due 03/03/2027	2,000,000.00	03/30/2022 3.06%	1,944,440.00	94.20 3.77%	1,883,932.00 7,894.44	0.32% (60,508.00)	A2 / A A	4.84 4.48
084664CZ2	Berkshire Hathaway Callable Note Cont 2/15/2027 2.300% Due 03/15/2027	2,000,000.00	04/21/2022 3.28%	1,911,920.00	95.59 3.29%	1,911,834.00 5,877.78	0.33% (86.00)	Aa2 / AA A+	4.88 4.54
TOTAL Corporate		**80,000,000.00**	**2.03%**	**80,251,794.20**	**2.99%**	**77,956,347.00** **522,197.22**	**13.42%** **(2,295,447.20)**	**A1 / A+** **A+**	**2.28** **2.17**
LAIF									
90LAIF$00	Local Agency Investment Fund State Pool	63,406,615.23	Various 0.60%	63,406,615.23	1.00 0.60%	63,406,615.23 27,096.67	10.85% 0.00	NR / NR NR	0.00 0.00
TOTAL LAIF		**63,406,615.23**	**0.60%**	**63,406,615.23**	**0.60%**	**63,406,615.23** **27,096.67**	**10.85%** **0.00**	**NR / NR** **NR**	**0.00** **0.00**

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Local Gov Investment Pool									
90SDCP$00	County of San Diego Pooled Investment Pool	58,695,832.42	Various 0.86%	58,695,832.42	1.00 0.86%	58,695,832.42 0.00	10.04% 0.00	NR / NR AAA	0.00 0.00
09CATR$04	CalTrust Short Term Fund	1,629,186.41	Various 0.91%	16,298,428.01	10.01 0.91%	16,308,155.97 0.00	2.79% 9,727.96	NR / AA NR	0.00 0.00
09CATR$05	CalTrust Medium Term Fund	1,630,634.10	Various 1.80%	16,694,884.84	9.87 1.80%	16,094,358.54 0.00	2.75% (600,526.30)	NR / A+ NR	0.00 0.00
TOTAL Local Gov Investment Pool		**61,955,652.93**	**1.04%**	**91,689,145.27**	**1.04%**	**91,098,346.93** **0.00**	**15.58%** **(590,798.34)**	**NR / AA-** **Aaa**	**0.00** **0.00**
Money Market Fund FI									
262006307	Dreyfus Gov't Cash Management Money Market Fund	3,126,206.89	Various 0.03%	3,126,206.89	1.00 0.03%	3,126,206.89 0.00	0.53% 0.00	Aaa / AAA NR	0.00 0.00
TOTAL Money Market Fund		**3,126,206.89**	**0.03%**	**3,126,206.89**	**0.03%**	**3,126,206.89** **0.00**	**0.53%** **0.00**	**Aaa / AAA** **NR**	**0.00** **0.00**
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	98.55 2.84%	4,927,600.00 21,216.67	0.85% (72,400.00)	Aa1 / AA+ AA+	1.80 1.74
TOTAL Municipal Bonds		**5,000,000.00**	**2.01%**	**5,000,000.00**	**2.84%**	**4,927,600.00** **21,216.67**	**0.85%** **(72,400.00)**	**Aa1 / AA+** **AA+**	**1.80** **1.74**

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Supranational									
4581X0DZ8	Inter-American Dev Bank Note 0.500% Due 09/23/2024	5,500,000.00	Various 0.61%	5,482,110.00	94.60 2.85%	5,202,945.00 2,902.78	0.89% (279,165.00)	Aaa / AAA NR	2.40 2.35
TOTAL Supranational		**5,500,000.00**	**0.61%**	**5,482,110.00**	**2.85%**	**5,202,945.00** **2,902.78**	**0.89%** **(279,165.00)**	**Aaa / AAA** **NR**	**2.40** **2.35**
US Treasury									
912828SV3	US Treasury Note 1.750% Due 05/15/2022	8,200,000.00	12/05/2017 2.09%	8,080,843.75	100.05 0.53%	8,204,124.60 66,200.28	1.41% 123,280.85	Aaa / AA+ AAA	0.04 0.04
912828XW5	US Treasury Note 1.750% Due 06/30/2022	8,200,000.00	12/05/2017 2.13%	8,063,546.88	100.18 0.70%	8,214,432.00 47,965.47	1.41% 150,885.12	Aaa / AA+ AAA	0.17 0.17
9128282P4	US Treasury Note 1.875% Due 07/31/2022	8,000,000.00	12/23/2019 1.68%	8,039,375.00	100.23 0.96%	8,018,440.00 37,292.82	1.38% (20,935.00)	Aaa / AA+ AAA	0.25 0.25
912828L24	US Treasury Note 1.875% Due 08/31/2022	8,200,000.00	12/05/2017 2.14%	8,101,984.38	100.23 1.19%	8,218,581.20 25,903.53	1.41% 116,596.82	Aaa / AA+ AAA	0.34 0.33
912828L57	US Treasury Note 1.750% Due 09/30/2022	10,500,000.00	01/19/2018 2.39%	10,204,277.34	100.18 1.33%	10,518,459.00 15,563.52	1.80% 314,181.66	Aaa / AA+ AAA	0.42 0.42
912828M80	US Treasury Note 2.000% Due 11/30/2022	8,000,000.00	12/16/2019 1.66%	8,079,062.50	100.23 1.60%	8,018,440.00 66,813.19	1.38% (60,622.50)	Aaa / AA+ AAA	0.59 0.58
912828P79	US Treasury Note 1.500% Due 02/28/2023	6,400,000.00	03/01/2022 0.97%	6,433,500.00	99.61 1.97%	6,375,001.60 16,173.91	1.09% (58,498.40)	Aaa / AA+ AAA	0.83 0.82

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912828R69	US Treasury Note 1.625% Due 05/31/2023	8,000,000.00	12/23/2019 1.70%	7,978,750.00	99.36 2.23%	7,948,440.00 54,285.71	1.37% (30,310.00)	Aaa / AA+ AAA	1.08 1.06
912828T91	US Treasury Note 1.625% Due 10/31/2023	8,000,000.00	04/21/2022 2.47%	7,899,062.50	98.71 2.51%	7,896,560.00 353.26	1.35% (2,502.50)	Aaa / AA+ AAA	1.50 1.47
912828V80	US Treasury Note 2.250% Due 01/31/2024	5,650,000.00	Various 2.14%	5,675,003.91	99.35 2.63%	5,613,145.05 31,605.67	0.97% (61,858.86)	Aaa / AA+ AAA	1.76 1.70
91282CBV2	US Treasury Note 0.375% Due 04/15/2024	8,900,000.00	01/25/2022 1.06%	8,767,195.31	95.60 2.70%	8,508,542.40 1,459.02	1.45% (258,652.91)	Aaa / AA+ AAA	1.96 1.93
9128282U3	US Treasury Note 1.875% Due 08/31/2024	3,000,000.00	04/21/2022 2.81%	2,936,718.75	97.90 2.81%	2,937,069.00 9,476.90	0.50% 350.25	Aaa / AA+ AAA	2.34 2.26
912828YV6	US Treasury Note 1.500% Due 11/30/2024	8,000,000.00	10/14/2021 0.64%	8,211,562.50	96.68 2.84%	7,734,688.00 50,109.89	1.33% (476,874.50)	Aaa / AA+ AAA	2.59 2.49
91282CDN8	US Treasury Note 1.000% Due 12/15/2024	8,000,000.00	01/11/2022 1.22%	7,948,750.00	95.38 2.84%	7,630,312.00 30,109.89	1.31% (318,438.00)	Aaa / AA+ AAA	2.63 2.55
912828Z52	US Treasury Note 1.375% Due 01/31/2025	6,000,000.00	09/29/2021 0.62%	6,150,000.00	96.09 2.86%	5,765,154.00 20,511.05	0.99% (384,846.00)	Aaa / AA+ AAA	2.76 2.66
912828ZC7	US Treasury Note 1.125% Due 02/28/2025	6,000,000.00	02/01/2022 1.39%	5,951,953.13	95.32 2.86%	5,718,984.00 11,372.28	0.98% (232,969.13)	Aaa / AA+ AAA	2.84 2.75
912828ZF0	US Treasury Note 0.500% Due 03/31/2025	6,000,000.00	09/09/2021 0.55%	5,989,687.50	93.42 2.87%	5,605,314.00 2,540.98	0.96% (384,373.50)	Aaa / AA+ AAA	2.92 2.86
912828ZT0	US Treasury Note 0.250% Due 05/31/2025	6,000,000.00	09/09/2021 0.59%	5,925,234.38	92.25 2.89%	5,535,234.00 6,263.74	0.95% (390,000.38)	Aaa / AA+ AAA	3.09 3.03
91282CAB7	US Treasury Note 0.250% Due 07/31/2025	5,000,000.00	10/12/2021 0.83%	4,891,601.56	91.79 2.91%	4,589,455.00 3,107.73	0.79% (302,146.56)	Aaa / AA+ AAA	3.25 3.19

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2022

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
91282CAJ0	US Treasury Note 0.250% Due 08/31/2025	9,000,000.00	10/14/2021 0.85%	8,795,390.63	91.58 2.92%	8,242,380.00 3,790.76	1.41% (553,010.63)	Aaa / AA+ AAA	3.34 3.27
91282CAT8	US Treasury Note 0.250% Due 10/31/2025	7,000,000.00	07/28/2021 0.62%	6,891,718.75	91.17 2.92%	6,381,760.00 47.55	1.09% (509,958.75)	Aaa / AA+ AAA	3.51 3.44
91282CBC4	US Treasury Note 0.375% Due 12/31/2025	7,000,000.00	07/28/2021 0.65%	6,917,148.44	91.18 2.93%	6,382,579.00 8,774.17	1.09% (534,569.44)	Aaa / AA+ AAA	3.67 3.59
91282CBH3	US Treasury Note 0.375% Due 01/31/2026	7,000,000.00	07/28/2021 0.66%	6,910,312.50	90.96 2.94%	6,367,263.00 6,526.24	1.09% (543,049.50)	Aaa / AA+ AAA	3.76 3.67
91282CBQ3	US Treasury Note 0.500% Due 02/28/2026	9,000,000.00	10/14/2021 0.97%	8,820,703.13	91.22 2.94%	8,209,692.00 7,581.52	1.40% (611,011.13)	Aaa / AA+ AAA	3.84 3.74
91282CBT7	US Treasury Note 0.750% Due 03/31/2026	7,500,000.00	08/13/2021 0.78%	7,489,453.13	91.96 2.94%	6,897,067.50 4,764.34	1.18% (592,385.63)	Aaa / AA+ AAA	3.92 3.81
91282CCF6	US Treasury Note 0.750% Due 05/31/2026	7,500,000.00	08/13/2021 0.80%	7,482,128.91	91.61 2.94%	6,870,997.50 23,489.01	1.18% (611,131.41)	Aaa / AA+ AAA	4.09 3.96
91282CCP4	US Treasury Note 0.625% Due 07/31/2026	6,000,000.00	09/09/2021 0.79%	5,952,890.63	90.79 2.94%	5,447,580.00 9,323.20	0.93% (505,310.63)	Aaa / AA+ AAA	4.25 4.13
91282CCW9	US Treasury Note 0.750% Due 08/31/2026	7,000,000.00	09/28/2021 1.01%	6,913,046.88	91.16 2.94%	6,380,934.00 8,845.11	1.09% (532,112.88)	Aaa / AA+ AAA	4.34 4.20
91282CCZ2	US Treasury Note 0.875% Due 09/30/2026	8,000,000.00	11/01/2021 1.21%	7,874,062.50	91.50 2.94%	7,319,688.00 5,928.96	1.25% (554,374.50)	Aaa / AA+ AAA	4.42 4.27
91282CDG3	US Treasury Note 1.125% Due 10/31/2026	8,000,000.00	11/30/2021 1.15%	7,991,562.50	92.39 2.94%	7,391,560.00 244.57	1.26% (600,002.50)	Aaa / AA+ AAA	4.51 4.33

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2022

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
91282CDK4	US Treasury Note 1.250% Due 11/30/2026	6,750,000.00	03/30/2022 2.47%	6,390,087.89	92.86 2.93%	6,268,009.50 35,233.52	1.08% (122,078.39)	Aaa / AA+ AAA	4.59 4.38
TOTAL US Treasury		**225,800,000.00**	**1.33%**	**223,756,615.28**	**2.38%**	**215,209,886.35** **611,657.79**	**36.90%** **(8,546,728.93)**	**Aaa / AA+** **Aaa**	**2.44** **2.37**
TOTAL PORTFOLIO		**567,244,382.37**	**1.38%**	**596,411,955.69**	**1.93%**	**583,082,217.02** **1,847,088.67**	**100.00%** **(13,329,738.67)**	**Aa1 / AA** **Aaa**	**1.48** **1.43**
TOTAL MARKET VALUE PLUS ACCRUALS						**584,929,305.69**			

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Transactions Ledger

SDCRAA Consolidated - Account #10566

April 1, 2022 through April 30, 2022

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	04/01/2022	808513BY0	2,000,000.00	Charles Schwab Corp Callable Note Cont 2/3/2027 2.45% Due: 03/03/2027	97.222	3.06%	1,944,440.00	3,811.11	1,948,251.11	0.00
Purchase	04/20/2022	69371RQ66	2,500,000.00	Paccar Financial Corp Note 1.8% Due: 02/06/2025	96.846	2.98%	2,421,150.00	9,250.00	2,430,400.00	0.00
Purchase	04/22/2022	9128282U3	3,000,000.00	US Treasury Note 1.875% Due: 08/31/2024	97.891	2.81%	2,936,718.75	8,101.22	2,944,819.97	0.00
Purchase	04/22/2022	912828T91	8,000,000.00	US Treasury Note 1.625% Due: 10/31/2023	98.738	2.47%	7,899,062.50	62,127.07	7,961,189.57	0.00
Purchase	04/25/2022	084664CZ2	2,000,000.00	Berkshire Hathaway Callable Note Cont 2/15/2027 2.3% Due: 03/15/2027	95.596	3.28%	1,911,920.00	5,111.11	1,917,031.11	0.00
Purchase	04/25/2022	26442UAA2	2,000,000.00	Duke Energy Progress LLC Callable Note Cont 5/15/25 3.25% Due: 08/15/2025	99.522	3.40%	1,990,440.00	12,638.89	2,003,078.89	0.00
	Subtotal		**19,500,000.00**				**19,103,731.25**	**101,039.40**	**19,204,770.65**	**0.00**
TOTAL ACQUISITIONS			**19,500,000.00**				**19,103,731.25**	**101,039.40**	**19,204,770.65**	**0.00**

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Transactions Ledger

SDCRAA Consolidated - Account #10566

April 1, 2022 through April 30, 2022

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Maturity	04/14/2022	4581X0CN6	2,000,000.00	Inter-American Dev Bank Note 1.75% Due: 04/14/2022	100.000		2,000,000.00	0.00	2,000,000.00	85,380.00
Maturity	04/30/2022	912828WZ9	2,750,000.00	US Treasury Note 1.75% Due: 04/30/2022	100.000		2,750,000.00	0.00	2,750,000.00	29,218.75
	Subtotal		**4,750,000.00**				**4,750,000.00**	**0.00**	**4,750,000.00**	**114,598.75**
TOTAL DISPOSITIONS			**4,750,000.00**				**4,750,000.00**	**22,020.83**	**4,750,000.00**	**114,598.75**

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Transactions Ledger for Bonds

SDCRAA Consolidated Bond Reserves - Account #10592

April 1, 2022 through April 30, 2022

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Security Contribution	4/13/2022	31846V807	25,000,000.00	First American Government Obligation Funds			25,000,000.00	0.00	25,000,000.00	0.00
	Subtotal		**25,000,000.00**				**25,000,000.00**	**0.00**	**25,000,000.00**	**0.00**
TOTAL ACQUISITIONS			**25,000,000.00**				**25,000,000.00**	**0.00**	**25,000,000.00**	**0.00**
DISPOSITIONS										
Security Withdrawal	4/6/2022	31846V807	7,849,779.00	First American Government Obligation Funds			7,849,779.00	0.00	7,849,779.00	0.00
Security Withdrawal	4/13/2022	90LAIF$00	25,000,000.00	Local Agency Investment Fund			25,000,000.00	0.00	25,000,000.00	0.00
Security Withdrawal	4/21/2022	90SDCP$00	20,318,536.00	County of San Diego Pooled Investment Pool			20,318,536.00	0.00	20,318,536.00	0.00
Security Withdrawal	4/27/2022	31846V807	20,896,678.00	First American Government Obligation Funds			20,896,678.00	0.00	20,896,678.00	0.00
	Subtotal		**74,064,993.00**				**74,064,993.00**	**0.00**	**74,064,993.00**	**0.00**
TOTAL DISPOSITIONS			**74,064,993.00**				**74,064,993.00**	**0.00**	**74,064,993.00**	**0.00**

Important Disclosures

2022 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by ICE Data Services Inc (“IDS”), an independent pricing source. In the event IDS 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.

Source ICE Data Indices, LLC ("ICE"), used with permission. ICE permits use of the ICE indices and related data on an "as is" basis; ICE, its affiliates and their respective third party suppliers disclaim any and all warranties and representations, express and/or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data included in, related to, or derived therefrom. Neither ICE data, its affiliates or their respective third party providers guarantee the quality, adequacy, accuracy, timeliness or completeness of the indices or the index data or any component thereof, and the indices and index data and all components thereof are provided on an "as is" basis and licensee's use it at licensee's own risk. ICE data, its affiliates and their respective third party do not sponsor, endorse, or recommend chandler asset management, or any of its products or services.

This report is provided for informational purposes only and should not be construed as a specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of publication, but may become outdated or superseded at any time without notice. Any opinions or views expressed are based on current market conditions and are subject to change. This report may contain forecasts and forward-looking statements which are inherently limited and should not be relied upon as indicator of future results. Past performance is not indicative of future results. This report is not intended to constitute an offer, solicitation, recommendation or advice regarding any securities or investment strategy and should not be regarded by recipients as a substitute for the exercise of their own judgment.

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 BofA 0-5 Yr US Treasury Index

The ICE BofA 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 five 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.

SAN DIEGO INTERNATIONAL AIRPORT™
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Item 4

San Diego County Regional Airport Authority

Update on Revolver Draws and Outstanding Balances

Presented by Geoff Bryant, Finance Manager

Finance Committee May 23, 2022

Revolving Credit Facility Balances

- Initial Draw made on August 12, 2021, Balances and Rate shown at April 2022 month end Balances are been utilized to fund preliminary spending on the New T1 project

SERIES	Month End Balance	RATE	MONTHLY INTEREST And FEES	FY 2022 INTEREST and FEES
AMT	40,100,000	0.94%	31,412	233,708
Non-AMT	40,000,000	0.94%	31,333	233,708
UNUTILIZED BALANCE	119,900,000	0.00%	-	40,000
TOTAL	**$ 200,000,000**		**$ 62,745**	**$ 507,416**

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

Questions?

SAN DIEGO INTERNATIONAL AIRPORT
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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 5

Finance Committee Staff Report

Meeting Date: May 23, 2022

Subject:

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 (Attachment 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.

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 the Policy updates since the COVID-19 Pandemic to reflect the uncertain impact of the pandemic. The Debt per enplanement target has been suspended since FY 2020 and this year's proposed updates seek to re-establish the debt per enplanement target as enplanements continue a very gradual recovery. Because the gradual recovery of enplanements underscores potential volatility with metrics based on enplanements it is proposed that that Debt per Enplanement target be re-established at a range of between $300 and $400. Other language relating to the uncertain impact of the COVID-19 Pandemic on the debt metrics can be updated.

The proposed Policy was also updated to include:

- Clarification that COVID-19 Federal Relief Funds used to pay debt service will be added to net revenues for the purposes of the Debt Service Coverage target.

- Removal of References to LIBOR, as no new LIBOR facilities are being issued, and addition of BSBY (Bloomberg Short Term Bank Yield Index), which is the taxable index utilized in the Bank of America Revolving Credit Agreement.

- Acknowledgement that the Vice President/CFO will evaluate the benefit of using taxable Bonds for advance refunding transactions.

- Removal of $100 million ceiling of variable rate debt to help facilitate flexibility to the structure to the Authority's debt portfolio. The variable debt maximum limit of 15% of total debt remains in place and is in line with industry standards.

- Other Changes recommended in the Policy are minor clarifications, glossary updates and language corrections.

Fiscal Impact:

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

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

Attachment A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING
PART 4.4 - DEBT
SECTION 4.40 - DEBT ISSUANCE AND MANAGEMENT POLICY

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

POLICY STATEMENT:

SECTION I. INTRODUCTION & EXECUTIVE SUMMARY

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

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

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

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

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

SECTION II. ROLES AND RESPONSIBILITIES

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

1) Board: The Authority is governed by an appointed board of nine members who represent all areas of San Diego County and three *ex-officio* members. The Board approves all bond issuances as well as the policies and guidelines pursuant to which debt is incurred and issued.

2) President/CEO and Vice President/CFO: The Vice President/CFO, under the direction of the President/CEO, is (i) responsible for developing, evaluating, implementing and monitoring the financing plan and debt strategies for the Authority in compliance with this policy, subject to Board approvals; (ii) in charge of federal tax and securities law post-issuance compliance with respect to all debt obligations; (iii) responsible for implementing and ensuring compliance with internal control procedures to ensure proceeds of the Authority's debt obligations are directed to the intended use; and (iv) responsible for timely submitting to the California Debt and Investment Advisory Commission any annual debt report required under California Government Code Section 8855(k). As of the date of this Policy, an annual report must be submitted no later than seven (7) months after the end of the immediately preceding "reporting period". A "reporting period" starts on July 1 and ends on June 30.

3) Registered Municipal Advisor: The Authority has chosen to deliver a Notice of Representation by Registered Municipal Advisor pursuant to SEC Rule 17 CFR Section 240.15Bal – 1(d)(3)(vi)(B) dated August 27, 2014 to notify investment banking firms that the Authority has retained a Financial Advisor and, among other things, will rely on advice of the Financial Advisor for recommendations on the issuance of municipal securities provided by investment banking firms. The Authority may amend or modify this notice from time to time.

4) Financial Professionals: All financial professionals performing services for the Authority's debt programs, such as its Financial Advisor, Bond Counsel, Disclosure Counsel, investment advisor and Underwriters, must comply with the policies and procedures set forth herein.

SECTION III. CAPITAL IMPROVEMENTS AND FINANCIAL PLANNING

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

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

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

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

SECTION IV. DEBT TARGETS

The President/CEO and the Vice President/CFO will recommend to the Board the amount, 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 is still evolving. As in FY 2020~~, for FY 2021 and~~ through FY 2022, the main debt policy target for the Authority will be compliance with its rate covenants for its outstanding bonds in FY 2023 and beyond. The gradual recovery underscores potential volatility with metrics based on enplanements, but a new Debt per Enplanement target, which was suspended in FY 2020, FY 2021 and FY 2022, can now be re-established.~~Given the unprecedented declines in passenger traffic in FY 2021 which is expected to continue in FY 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 – The Authority will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System so that Net Revenues, which are generally defined as Revenues less Operation and Maintenance Expenses for a given period, in each Fiscal Year will be at least equal to 125% of the Aggregate Annual Debt Service for all Bonds.

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

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

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

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

2) <u>Additional Bonds Test and Additional Subordinate Obligations Test</u>
In order to issue additional parity debt under the Master Indenture, the Authority must comply with one of the two prongs of the Additional Bonds Test, as summarized below:

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

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

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

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

(~~D~~B) Obtain a certificate prepared by a consultant showing that the forecasted Subordinate Net Revenues are expected to be at least 110% of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations and the proposed Subordinate Obligations to be issued for each year of the forecast period.

3) Annual Debt Service Coverage Target

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

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

- 1.40x, where PFCs ~~used to pay debt service~~ and ~~the federal Interest Subsidy~~ COVID-19 Federal Relief Funds used to pay debt service, if any, are added to Net Revenues (rather than deducted from Debt Service) with the sum divided by Aggregate Annual Debt Service for Bonds and Subordinate Obligations and Other Debt Service

This debt service coverage target will be reviewed at least annually by the Authority and its Financial Advisor to determine appropriate adjustments that may be necessary.

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

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.

~~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.~~

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

The Authority will monitor the amount of long-term debt it has outstanding. One common metric of leverage for airports is Debt per Enplanement. This metric, like CPE, is impacted by the effects of the COVID-19 pandemic on near and long-term passenger traffic demand which continues to evolve and has increased some uncertainty in certain traffic segments. However, at this time, the Airport Authority is re-establishing a Debt per Enplanement target range of \$300 to \$400 -as it advances its funding of the New Terminal 1 program. ~~We~~The ~~Airport~~ Authority is ~~are~~ still early in the New T1 ~~propram~~program ~~we~~and, therefore, expect to refine ~~return~~ this target when ~~we have~~there is ~~more~~greater certainty on cost and funding sources~~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~~.

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

6) 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 grants (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) <u>Bond Anticipation Notes ("BANs") and Grant Anticipation Notes ("GANs")</u>

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

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

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

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

5) <u>Capital Appreciation Bonds and Zero Coupon Bonds</u>

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) <u>Commercial Paper</u>

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

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

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

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

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

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

7) Floating Rate Notes and Revolving Credit Facilities

Floating Rate Notes (FRNs), including Revolving Credit Facilities, are notes that have a variable coupon, equal to a money market reference rate, such as SIFMA (Securities Industry and Financial Markets Association) or BSBY(Bloomberg Short Term Bank Yield Index)~~LIBOR[1] (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

~~[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.~~

a financing vehicle and alternative to debt if the terms and conditions of the lease (including the interest rate charged) are more favorable.

9) Installment Payment Agreement

The Authority may also finance certain facilities, including equipment, under an agreement with a third-party whereby the third-party funds the investment in the facility and the Authority agrees to pay the third party as rental/payment for the use and occupancy of the facility specific installment payments.

The installment payments would be made from the Authority's available funds after payment of all Operation and Maintenance Expenses, all funds necessary to pay debt service on and to fund the reserves for the Authority's Outstanding Senior and Subordinate Debt Obligations and amounts necessary to fund the Authority's Operation and Maintenance Reserve Subaccount and Renewal and Replacement Subaccount in accordance with the Master Trust Indenture.

10) Direct Loans

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

SECTION VI. FEATURES OF LONG-TERM DEBT

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

1) Selection of Final Maturity and Amortization of Principal

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

2) Use of Capitalized Interest

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

3) Tax Status

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

4) Sizing of Debt Service Reserve Funds

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

5) Selection of Redemption Provisions

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

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

6) Use of Discount Bonds

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

7) Use of Premium Bonds

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

8) Minimum Criteria for Debt Financing Equipment Items

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

SECTION VII. REFUNDING OPPORTUNITIES

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

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

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

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

The following considerations apply when the Authority considers refunding opportunities:

1) <u>Monitor Potential Savings:</u>

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

2) <u>Target Savings Amounts:</u>

   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:

		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
Years from the date of first call to Maturity Date of the Bonds	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~~Credit Facility Providers

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

4) Budgeting

The Vice President/CFO will determine the appropriate method for budgeting the interest cost of variable rate debt by considering historic interest rates, projected interest rates and the effect of risk mitigation products such as interest rate swaps or caps.

5) Monitoring and Reporting

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

SECTION IX. DERIVATIVES

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

SECTION X – METHOD FOR SALE OF DEBT

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

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

Role of Underwriters in Negotiated Sale

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

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

Underwriter Selection in Negotiated Sale

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

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

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

SECTION XI. INVESTMENT OF BOND PROCEEDS

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

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

1) Compliance with Federal Tax Law

The Vice President/CFO shall establish a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code and ensure compliance with other federal tax regulations and post-issue compliance as required by Bond Counsel at the time of issuance of the debt. This effort shall include tracking expenditures of bond proceeds to ensure such expenditures comply with federal tax law requirements, tracking investment earnings on proceeds, retention of a rebate consultant to prepare and calculate rebate payments in compliance with tax law and remitting any earnings subject to rebate to the federal government in a timely manner in order to preserve the tax-exempt status of the Authority's outstanding debt issues that have been issued on a tax-exempt basis.

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

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

2) Initial Disclosure

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

3) Continuing Disclosure

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

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

(A) Principal and interest payment delinquencies;

(B) Unscheduled draws on the Debt Service Reserve Funds reflecting financial difficulties;

(C) Unscheduled draws on credit enhancements reflecting financial difficulties;

(D) Substitution of credit or liquidity providers, or their failure to perform;

(E) Adverse tax opinions with respect to the tax status of any bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to any bonds;

(F) Tender offers;

(G) Defeasances;

(H) Rating changes;

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

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

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

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

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

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

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

(C) Optional, unscheduled or contingent bond calls;

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

(E) Non-payment related defaults;

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

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

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

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

SECTION XIII. RATINGS AGENCIES AND INVESTOR RELATIONS

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

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

SECTION XIV. AMENDMENTS TO DEBT ISSUANCE AND MANAGEMENT POLICY

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

GLOSSARY (PROVIDED FOR INFORMATIONAL PURPOSES ONLY)

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

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

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

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

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

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

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

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

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-19 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 Act, 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.

COVID-19 Relief Funds: Includes the ARP Act, CARES Act and CRRSA Act funds received by the Authority

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.

<u>Net Designated Order</u>: 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.

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

<u>Official Statement:</u> 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.

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

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

<u>Passenger Facility Charge (PFC):</u> 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.

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

<u>Redemption Provisions:</u> 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.

<u>Remarketing Agent:</u> 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[Amended by Resolution No. 2021-0056 dated June 3, 2021.]
[Amended by Resolution No. 2020-0067 dated June 4, 2020.]
[Amended by Resolution No. 2019-0056 dated May 30, 2019.]
[Amended by Resolution No. 2019-0034 dated April 4, 2019.]
[Amended by Resolution No. 2018-0133 dated December 6, 2018.]
[Amended by Resolution No. 2017-0050 dated June 1, 2017.]

[Amended by Resolution No. 2015-0042 dated May 21, 2015.]
[Amended by Resolution No. 2014-0050 dated June 5, 2014.]
[Amended by Resolution No. 2013-0048 dated June 6, 2013.]
[Amended by Resolution No. 2012-0060 dated June 7, 2012.]
[Amended by Resolution No. 2011-0078 dated July 7, 2011.]
[Adopted by Resolution. No. 2010-0046 dated May 6, 2010.]

San Diego County Regional Airport Authority

ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO AUTHORITY POLICY 4.40

Presented by John Dillon, Director, Financial and Risk Management

May 23, 2022

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

SAN DIEGO INTERNATIONAL AIRPORT
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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

SAN DIEGO INTERNATIONAL AIRPORT
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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
- Language was included in the Policy updates since the COVID-19 Pandemic to reflect the uncertain impact of the pandemic and Debt per Enplanement was suspended in FY 2020, FY 2021 and FY 2022
- The gradual recovery underscores potential volatility with metrics based on enplanements, however, a new Debt per Enplanement target is to be re-established at a range of between $300-$400
- Other language relating to the uncertain impact of the COVID-19 Pandemic on the debt metrics can be updated.

Debt Policy Amendments

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

Added language to clarify that COVID-19 Relief funds used to pay debt service will be added to net revenues for the purposes of the Debt Service Coverage target and to remove the outdated reference to the federal interest subsidy

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

1.40x, where PFCs used to pay debt service and ~~the federal Interest Subsidy~~ COVID-19 Federal Relief Funds used to pay debt service, if any, are added to Net Revenues (rather than deducted from Debt Service) with the sum divided by Aggregate Annual Debt Service for Bonds and Subordinate Obligations and Other Debt Service”

SAN DIEGO INTERNATIONAL AIRPORT
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Debt Policy Amendments

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

Re-establishes the Authority's Debt per Enplaned Passenger Target

"The Authority will monitor the amount of long-term debt it has outstanding. One common metric of leverage for airports is Debt per Enplanement. This metric, like CPE, is impacted by the effects of the COVID-19 pandemic on near and long-term passenger traffic demand, continues to evolve and has increased some uncertainty in certain traffic segments. However, at this time, the Airport Authority is re-establishing a Debt per Enplanement target range of \$300 to \$400 as it advances its funding of the New T1 program. The Authority is are still early in the New T1 program and, therefore, expect to refine this target when there is greater certainty on cost and funding sources~~.~~ ~~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.~~. The Authority will regularly review and monitor the Debt per Enplanement target ~~will be established with reference to~~ using available sources of data, including the rating agencies' median reports and a selected peer group of airports"

Debt Policy Amendments

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

Remove References to LIBOR as no new LIBOR facilities re being issued. Added BSBY index that is included in BOA revolver.

“Floating Rate Notes (FRNs), including Revolving Credit Facilities, are notes that have a variable coupon, equal to a money market reference rate, such as SIFMA (Securities Industry and Financial Markets Association) or BSBY(Bloomberg Short Term Bank Yield Index) or~~LIBOR[1] (the London Interbank Offered Rate) or~~ SOFR (Secured Overnight Financing Rate)~~, when effective,~~ or such other industry benchmarks, plus a spread.”

“~~[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.”~~

Debt Policy Amendments

Section (VIII) Issuance of Variable Rate Debt- Criteria for Use of Variable Rate Debt

Removed $100 million ceiling of variable rate debt to help facilitate flexibility to the structure to the Authority's debt portfolio.

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

Next Steps

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


Questions?
SAN DIEGO
INTERNATIONAL AIRPORT
LET'S GO.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 6

Finance Committee Staff Report

Meeting Date: May 23, 2022

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 delegating authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer.

Background/Justification:

The Airport Authority's Investment policy (Attachment 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.

As a result of the annual review, by staff, and the Authority's financial and investment advisors, no changes are recommended this year.

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 ensures the Authority Board's continued oversight and approval of the policies, rules, and performance regarding the investment of Authority funds.

Fiscal Impact:

No Fiscal impact.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

A. CEQA: This Board action is not a project 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

<u>**Attachment A**</u>

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) <u>Scope</u>. 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) <u>Objectives</u>.

(a) <u>Safety of Principal.</u> 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)

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

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

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

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

(i) Establish the investment is a legal investment under Cal. Gov. Code.

(ii) A description of eligible investment securities, and a written statement of investment policy and objectives. All investments must comply with the eligible investments outlined in this policy. In the event that any investments do not comply with the eligible investments outlined in this Policy, the Treasurer will assess the potential risk of a substantial investment loss related to the investment(s) not in compliance.

(iii) The issuer must have a current AAAm rating, provide a constant dollar pool with a stated objective of maintaining a $1 net asset value, meet an asset size of $1 billion at the time of investment, and provide for third-party custody of portfolio assets.

(iv) A description of interest calculations and how it is distributed, and how gains and losses are treated.

(v) A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.

(vi) A description of who may invest in the program, the type and number of governmental participants, investor concentrations, what size deposit and withdrawal are allowed, and what time restrictions are placed on these deposits and withdrawals.

(vii) A schedule for receiving statements and portfolio listings.

(viii) Determination of how reserves, retained earnings, etc. are utilized by the fund.

(ix) A fee schedule, and when and how it is assessed. Cal. Gov. Code §53601(p).

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

(i) Attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, or

(ii) Retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than 5 years' experience managing money market mutual funds with assets under management in excess of $500,000,000. Cal. Gov. Code §53601(l)

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

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

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

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

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

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

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

(7) Prohibited Investments. Investments not described herein, including but not limited to, inverse floating rate notes, range notes, interest-only strips that are derived from a pool of mortgages, and common stocks are prohibited from use in this portfolio. The Authority shall not invest any funds in any security that could result in zero or negative interest accrual if held to maturity unless they are securities issued or backed by the US Government under a provision sunsetting January 1, 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. 2021-0055 dated June 3, 2021.]
[Amended by Resolution No. 2018-0133 dated December 6, 2018.]
[Amended by Resolution No. 2018-0056 dated June 7, 2018]
[Amended by Resolution No. 2017-0049 dated June 1, 2017]
[Amended by Resolution No. 2016-0040 dated May 19, 2016]
[Amended by Resolution No. 2015-0043 dated May 21, 2015]
[Amended by Resolution No. 2014-0051 dated June 5, 2014]
[Amended by Resolution No. 2013-0049 dated June 6, 2013]
[Amended by Resolution No. 2012-0059 dated June 7, 2012]
[Amended by Resolution No. 2011-0064 dated June 2, 2011]
[Amended by Resolution No. 2010-0059 dated June 3, 2010]
[Amended by Resolution No. 2009-0123 dated October 1, 2009]
[Amended by Resolution No. 2008-0118 dated September 4, 2008]
[Amended by Resolution No. 2006-0010 dated February 6, 2006]
[Amended by Resolution No. 2005-0102 dated September 8, 2005]
[Amended by Resolution No. 2004-0133 dated December 6, 2004]
[Amended by Resolution No. 2004-0100 dated October 4, 2004]
[Amended by Resolution No. 2004-0032 dated April 5, 2004]
[Adopted Resolution No. 2002-02 dated September 20, 2002]

San Diego County Regional Airport Authority

ANNUAL REVIEW TO AUTHORITY POLICY 4.20

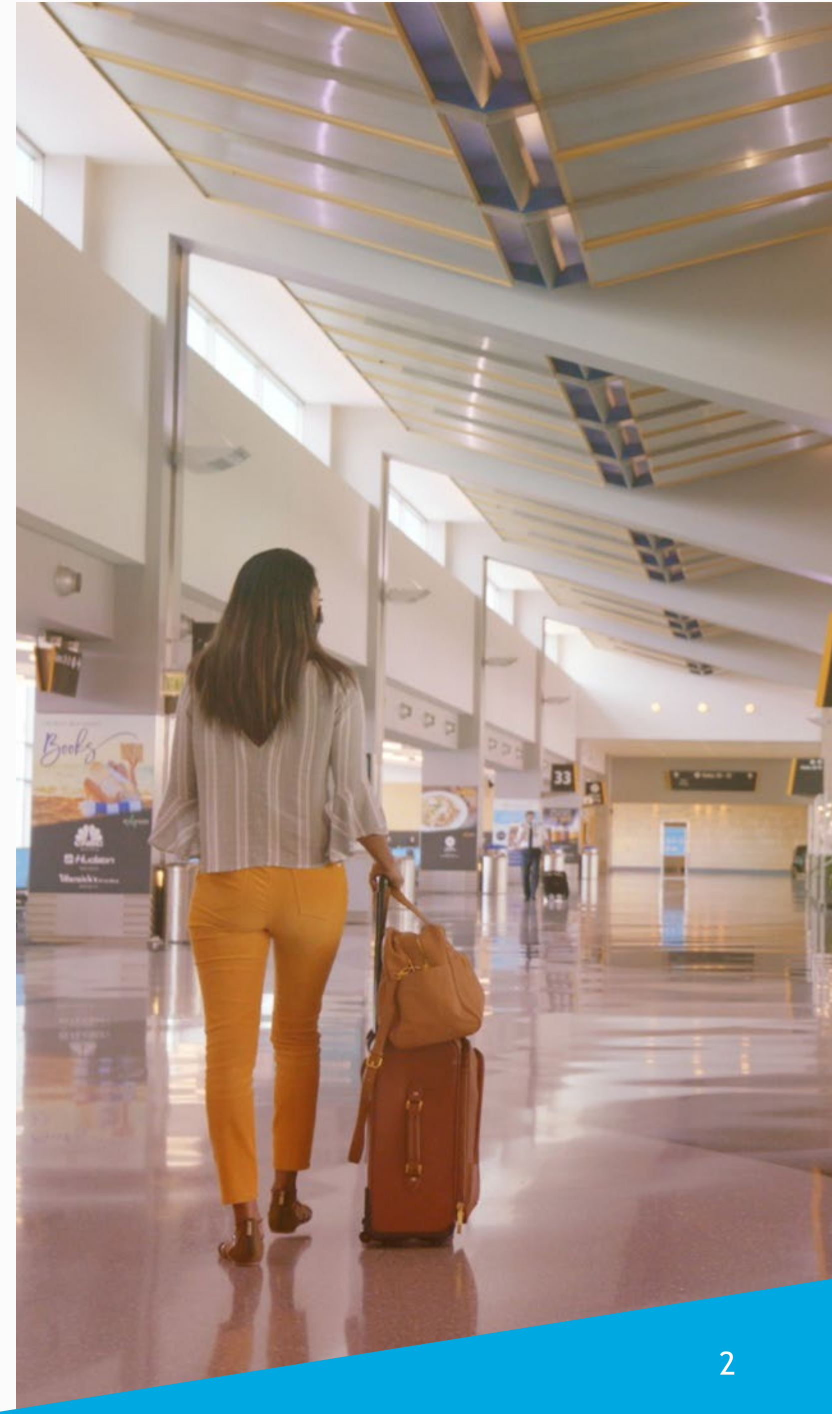
Review of Investment Policy, Guidelines for Prudent Investments, and Delegation of Authority to Invest and Manage Authority Funds to the Vice President, Chief Financial Officer

May 23, 2022

Presented by Geoff Bryant Finance Manager

Investment Policy - Overview

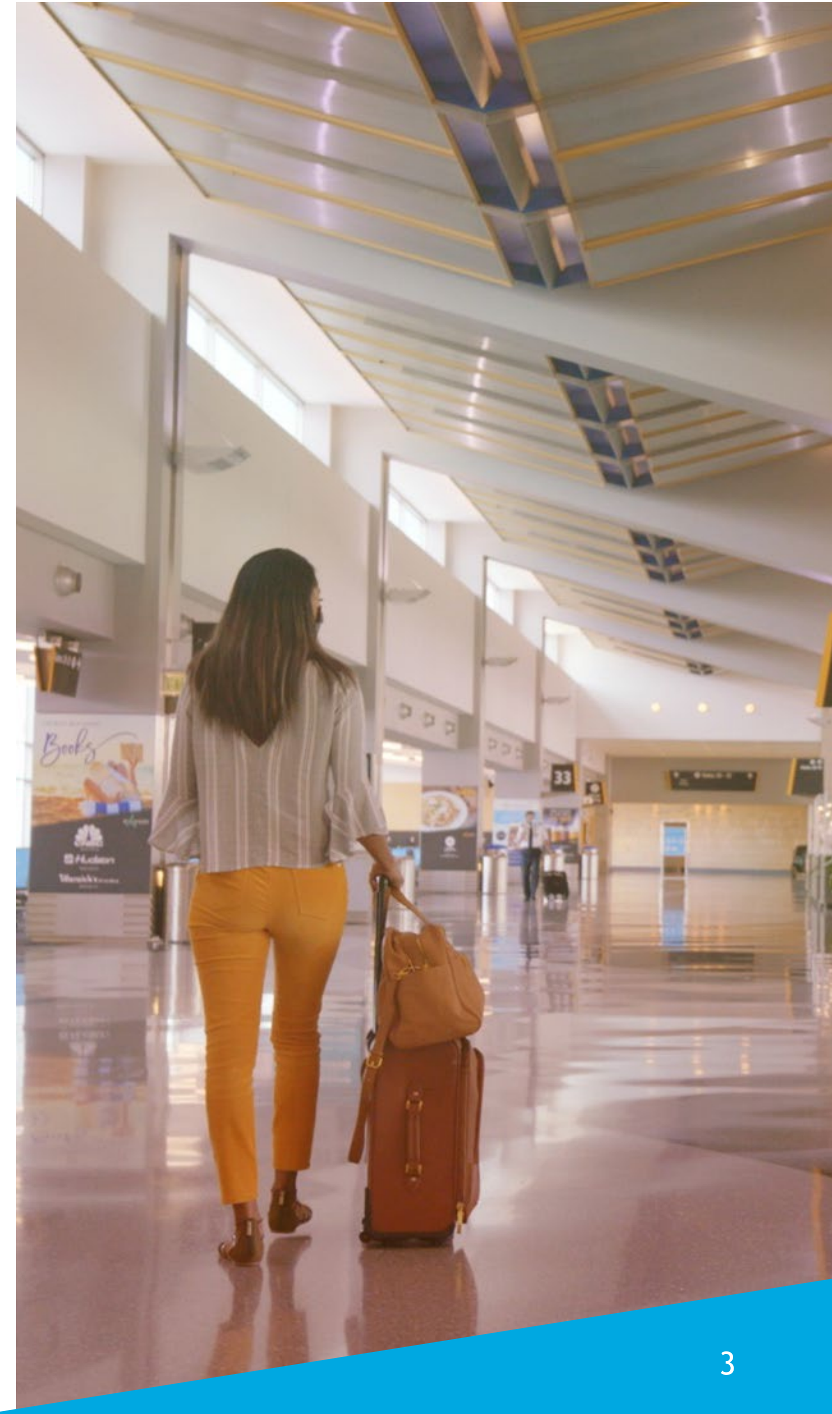
- Serves as the foundation of investment goals and objectives
- Mandates investing in a manner that provides the highest security while meeting Authority cash flow needs
- Demonstrates our fiduciary responsibility, thereby promoting trust and confidence from the public we serve
- Adheres to or exceeds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



SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

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



SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

Delegation of Investment Authority

- The Board delegates the authority to invest and manage funds to the Vice President, Chief Financial Officer

- This delegation is on a fiscal year basis and subject to renewal by the Board

4

Action Requested

Forward Resolution to the Board for approval:

- delegating the authority to invest and manage funds to the Vice President, Chief Financial Officer

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

Questions?

SAN DIEGO
INTERNATIONAL AIRPORT
LET'S GO.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 7

Executive Committee Staff Report

Meeting Date: May 23, 2022

Subject:

Pre-Approval of Travel Requests and Approval of Business and Travel Expense Reimbursement Requests for Board Members, the President/CEO, the Chief Auditor and General Counsel

Recommendation:

Pre-approve Travel Requests and approve Business and Travel Expense Reimbursement Requests.

Background/Justification:

Authority Policy 3.30 (3)(b) and (4) require that travel and business expense reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved or pre-approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

On August 23, 2021, the Executive Committee pre-approved set dollar amounts for routine, in-town business expenses to be used during Fiscal Year 2021 for the President/CEO, General Counsel and Chief Auditor as authorized in Policy 3.30(3)(b)(i)(C).

The attached reports are being presented to comply with the requirements of Policy 3.30.

Fiscal Impact:

Funds for Business and Travel expenses are included in the FY 2022 Operating Budget.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

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

Tony R. Russell
Director, Board Services/Authority Clerk

BUSINESS EXPENSE REIMBURSEMENT REPORT

Johanna Schiavoni

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

2022

MONTHLY MILEAGE and PARKING FEE REIMBURSEMENT REPORT

EMPLOYEE NAME Johanna Schiavoni			PERIOD COVERED 4/25/22 - 4/30/2022	
DEPARTMENT/DIVISION Board				
Date	**Miles driven**	**Destination and purpose of trip**	**Parking fees & other transportation costs paid**	**$$$**
4/25/22	8.60	Mileage to and from Finance Committee		
4/28/22	8.60	Mileage to and from Arts Committee		
4/29/22	8.60	Mileage to and from Board retreat		
4/30/22	8.60	Mileage to and from Board retreat		
SUBTOTAL	34.40		SUBTOTAL	-

Computation of Reimbursement

			34.40
REIMBURSEMENT RATE: (see below) *	Rate as of January 2022	X	0.585
TOTAL MILEAGE REIMBURSEMENT			20.12
PARKING FEES/TOLL CHARGES (ATTACH RECEIPTS)			-
TOTAL REIMBURSEMENT REQUESTED			$ 20.12

I acknowledge that I have read, understand and agree to *Authority Policy 3.30 - Business Expense Reimbursement Policy and that any purchases/claims that are not allowed will be my responsibility. I further certify that this report of business expenses were incurred in connection with official Authority business and is true and correct.

Business Expense Reimbursement Policy 3.30

Johanna Schiavoni

SIGNATURE OF EMPLOYEE

DEPT./DIV. HEAD APPROVAL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

REVISED 05/20/2022

DRAFT

Board Meeting Agenda

Thursday, June 2, 2022
9:00 A.M.

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

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

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. ***Please note that agenda items may be taken out of order.*** If comments are made to the Board without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law.

Staff Reports and documentation relating to each item of business on the Agenda are on file in 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.

PLEASE COMPLETE A SPEAKER SLIP PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. ***PLEASE REVIEW THE POLICY FOR Public Participation in Board and Board Committee Meetings (Public Comment) LOCATED AT THE END OF THE AGENDA.***

The Authority has identified a local company to provide oral interpreter and translation services for public meetings. If you require oral interpreter or translation services, please telephone the Board Services /Authority Clerk Department with your request at (619) 400-2400 at least three (3) working days prior to the meeting.

CALL TO ORDER:

ROLL CALL:

PRESENTATIONS:

A. SDCERS PENSION UPDATE – REPORT ON THE ACTUARIAL VALUATION AS OF JUNE 30, 2021:
Presented by Gregg Rademacher, Chief Executive Officer, SDCERS and Marcelle Voorhies Rossman, Deputy Executive Officer, SDCERS

B. TERMINAL 1 PARKING LOT CLOSURE AND PEDESTRIAN BRIDGE DEMOLITION AND COMMUNICATION STRATEGY:
Presented by Bob Bolton, Director, Airport Design and Construction

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

- **AUDIT COMMITTEE:**
  Committee Members: Blakespear, Casillas Salas, Newsom, Schiavoni, Sly, Vann (Chair), Wong Nickerson

- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
  Committee Members: Blakespear, McNamara, Schiavoni, von Wilpert (Chair)

- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
  Committee Members: Cabrera, McNamara, Robinson (Chair), Vargas

- **FINANCE COMMITTEE:**
  Committee Members: McNamara, Schiavoni (Chair), Sly, von Wilpert

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
  Liaison: Casillas Salas (Primary), Robinson

- **ARTS ADVISORY COMMITTEE:**
  Liaison: Schiavoni

LIAISONS

- **CALTRANS:**
  Liaison: Dallarda

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

- **MILITARY AFFAIRS:**
  Liaison: Bedell

- **PORT:**
  Liaisons: Cabrera (Primary), Robinson, Vargas

- **WORLD TRADE CENTER:**
  Representatives: Robert H. Gleason

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:**
  Representative: Cabrera (Primary), Robinson

- **SANDAG TRANSPORTATION COMMITTEE:**
  Representatives: Schiavoni (Chair), Sly

CHAIR REPORT:

PRESIDENT/CEO REPORT:

NON-AGENDA PUBLIC COMMENT:

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

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

CONSENT AGENDA (ITEMS 1-19):

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

1. APPROVAL OF MINUTES:
RECOMMENDATION: Approve the minutes of the May 5, 2022, regular Board meeting, May 12, 2022, special Board meeting, and April 29 & 30, 2022, special Board meeting.

2. ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:
RECOMMENDATION: Accept the reports and pre-approve Board Member attendance at other meetings, trainings and events not covered by the current resolution.
(Board Services: Tony R. Russell, Director/Authority Clerk)

3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM APRIL 11, 2022, THROUGH MAY 8, 2022, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM APRIL 11, 2022, THROUGH MAY 8, 2022:
RECOMMENDATION: Receive the Report.
(Procurement: Jana Vargas, Procurement Director)

4. JUNE 2022 LEGISLATIVE REPORT:
RECOMMENDATION: Adopt Resolution No. 2022-0046, approving the June 2022 Legislative Report.
(Government Relations: Matt Harris, Director)

5. APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE:
RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2022-0047, appointing Carman Vann as a public member to the Audit Committee to commence July 2022 for a three-year term.
(Board Services: Tony R. Russell, Director/Authority Clerk)

6. APPOINTMENTS TO THE AIRPORT ARTS ADVISORY COMMITTEE:
RECOMMENDATION: Adopt Resolution No. 2022-0048, approving the reappointment of Robert Gleason and Carmen Vann to the Airport Arts Advisory Committee.
(Customer Experience and Innovation: Rick Belliotti, Director)

7. **CONSIDERATION OF WHETHER TO CONTINUE VIRTUAL MEETINGS FOR AUTHORITY BOARD AND COMMITTEE MEETINGS PURSUANT TO AB 361:**
RECOMMENDATION: Adopt Resolution No. 2022-0049, finding that it is in the best interest of the Authority and the public it serves to continue to hold virtual public meetings of the Board and its Committees because a declared state of emergency is ongoing and continues to directly impact the ability of the Board and its Committees to meet safely in person.
(**Legal: Amy Gonzalez, General Counsel)**

8. **ADOPTION OF AN ADDENDUM TO THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE SAN DIEGO INTERNATIONAL AIRPORT DEVELOPMENT PLAN FOR THE TEMPORARY NORTHSIDE GROUND TRANSPORTATION FACILITIES:**
RECOMMENDATION: Adopt Resolution No. 2022-0050, adopting an Addendum to the Final Environmental Impact Report for the San Diego International Airport Development Plan for the Temporary Northside Ground Transportation Facilities as the lead agency in accordance with the California Environmental Quality Act.
(Airport Planning and Environmental Affairs: Brendan Reed, Director)

CLAIMS

9. **REJECT CLAIM OF LUANN REIN:**
RECOMMENDATION: Adopt Resolution No. 2022-0051, rejecting the claim of Luann Rein.
(Legal: Amy Gonzalez, General Counsel)

10. **REJECT CLAIM OF MICHAEL VISLOCKY:**
RECOMMENDATION: Adopt Resolution No. 2022-0052, rejecting the claim of Michael Vislocky.
(Legal: Amy Gonzalez, General Counsel)

COMMITTEE RECOMMENDATIONS

11. **REVIEW OF AUTHORITY POLICY 4.40 – DEBT ISSUANCE AND MANAGEMENT:**
RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2022-0053, approving amendments to Authority Policy 4.40 - Debt Issuance and Management Policy.
(Finance: Scott Brickner, Vice President/CFO)

12. 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: The Finance Committee recommends that the Board adopt Resolution No. 2022-0054, delegating the authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer.

(Finance: Scott Brickner, Vice President/CFO)

13. FISCAL YEAR 2022 THIRD QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: The Audit Committee recommends that the Board accept the report.

(Chief Auditor: Lee Parravano, Chief Auditor)

14. APPROVE THE REVISION TO THE FISCAL YEAR 2022 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2022-0055, approving the revision to the Fiscal Year 2022 Audit Plan.

(Chief Auditor: Lee Parravano, Chief Auditor)

15. APPROVE THE RISK ASSESSMENT AND PROPOSED FISCAL YEAR 2023 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2022-0056, approving the Fiscal Year 2023 Audit Plan.

(Chief Auditor: Lee Parravano, Chief Auditor)

CONTRACTS AND AGREEMENTS

16. APPROVE AND AUTHORIZE AN INCREASE IN THE PRESIDENT/CEO'S CHANGE ORDER AUTHORITY TO INCREASE CONTRACT DURATION AT NO COST FOR WEST SOLID WASTE FACILITY AND WEST REFUELER LOADING FACILITY AT SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2022-0057, approving and authorizing the President/CEO's change order authority to increase the Contract duration from 496 days to not to exceed 537 days at no cost, for Project No. 104274A West Solid Waste Facility and Project No. 104249A West Refueler Loading Facility at San Diego International Airport.

(Airport Design and Construction: Bob Bolton, Director)

17. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN AMENDMENT TO A REIMBURSABLE AGREEMENT WITH THE DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION (FAA) FOR ENGINEERING AND TECHNICAL SUPPORT RELATED TO NEW T1 AIRSIDE IMPROVEMENTS:

RECOMMENDATION: Adopt Resolution No. 2022-0058, approving and authorizing the President/CEO to Negotiate and Execute an Amendment to 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 New T1 Airside Improvements.
(Airport Design and Construction: Bob Bolton, Director)

18. AUTHORIZE THE PRESIDENT/CEO TO (1) EXTEND THE RENT ABATEMENT PERIOD FOR FOOD & BEVERAGE, RETAIL, PASSENGER SERVICE, AND IN-TERMINAL ADVERTISING CONCESSION LEASES IF NECESSARY AND (2) AMEND THE CONCESSION LEASES FOR FOOD & BEVERAGE, RETAIL, PASSENGER SERVICE, AND IN-TERMINAL ADVERTISING TO ALLOW FOR AN ADJUSTMENT TO THE FISCAL YEAR 23 MINIMUM ANNUAL GUARANTEE AND AUTHORIZE:

RECOMMENDATION: Adopt Resolution No. 2022-0059, authorizing the President/CEO to (1) extend the rent abatement period for concession leases, if necessary and (2) execute the required amendments for concession leases for Food & Beverage, Retail, Passenger Service, and In-Terminal Advertising to allow for an adjustment to the Fiscal Year 23 Minimum Annual Guarantee.
(Revenue Generation and Partnership Development: Deanna Zachrisson, Director)

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

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

19. APPROVAL AND ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2023, THE CAPITAL PROGRAM FOR FISCAL YEARS 2023 – 2027, AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2024:

RECOMMENDATION: Adopt Resolution No. 2022-0061, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2023, the Capital Program for Fiscal Years 2023-2027, and conceptually approving the Operating Budget for Fiscal Year 2024.

(Finance: Scott Brickner, Vice President/CFO)

20. WAIVE AUTHORITY POLICY 5.02(1)(D) AND APPROVE AND AUTHORIZE (1) THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE CHANGE ORDERS WITH SUNDT CONSTRUCTION, INC., FOR THE DESIGN AND CONSTRUCTION OF UPGRADES TO THE EXISTING 12KV ELECTRICAL SYSTEM TO ALLOW THE NEW ADMINISTRATION BUILDING TO CONNECT TO THE 12KV ELECTRICAL SYSTEM AT SAN DIEGO INTERNATIONAL AIRPORT; AND (2) AUTHORIZE AN INCREASE TO THE PRESIDENT/CEO'S CHANGE ORDER AUTHORITY:

RECOMMENDATION: Adopt Resolution No. 2022-0060, (1) waiving Board Policy 5.02 (1)(d) and authorizing the President/CEO to negotiate and execute change orders with Sundt Construction, Inc., for the design and construction of upgrades to the existing 12kV electrical system to allow the New Administration Building to connect to the 12kV electrical system at San Diego International Airport; and (2) approving and authorizing an increase of $3,500,000 to the President/CEO's change order authority for the New T1 New Administration Building contract with Sundt Construction, Inc., for a total change order authority of $7,155,198.68.

(Airport Design and Construction: Bob Bolton, Director)

CLOSED SESSION:

21. CONFERENCE WITH LABOR NEGOTIATORS:

Cal. Gov. Code §54957.6
Agency designated representatives: Monty Bell, Scott Brickner, Angela Shafer-Payne, Greg Halsey, Rod Betts, Jeff Rasor, Lola Barnes
Employee organization: California Teamsters Local 911

22. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: President/Chief Executive Officer

23. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: General Counsel

24. 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:

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

DRAFT

Airport Land Use Commission Agenda

Thursday, June 2, 2022
9:00 A.M. or immediately following the Board Meeting

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

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

Pursuant to California Public Utilities Code §§ 21670-21679.5, the Airport Land Use Commission ("Commission") is responsible for coordinating the airport planning of public agencies within San Diego County. The Commission has the legal responsibility to formulate airport land use compatibility plans ("ALUCPs") that will (a) provide for the orderly growth of each public airport and the areas surrounding the airport within the County and (b) safeguard the general welfare of the inhabitants within the vicinity of each airport and the public in general. Pursuant to §21670.3, the San Diego County Regional Airport Authority serves as the Commission.

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. ***Please note that agenda items may be taken out of order.*** If comments are made to the Commission without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law.

Staff Reports and documentation relating to each item of business on the Agenda are on file in the Board Services/Authority Clerk Department and are available for public inspection.

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

PLEASE COMPLETE A SPEAKER SLIP PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. ***PLEASE REVIEW THE POLICY FOR Public Participation in Board and Board Commission Meetings (Public Comment) lOCATED AT THE END OF THE AGENDA.***

CALL TO ORDER:

ROLL CALL:

NON-AGENDA PUBLIC COMMENT:

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

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

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 5, 2022, regular meeting.

CONSISTENCY DETERMINATIONS

2. **REPORT OF DETERMINATIONS OF CONSISTENCY WITH AIRPORT LAND USE COMPATIBILITY PLANS: SAN DIEGO INTERNATIONAL AIRPORT ALUCP; 4445 CAPE MAY AVENUE, CITY OF SAN DIEGO; 445 WEST ASH STREET, CITY OF SAN DIEGO; MARINE CORPS AIR STATION MIRAMAR ALUCP; 9363, 9373, AND 9393 TOWNE CENTRE DRIVE, CITY OF SAN DIEGO:**
RECOMMENDATION: Receive the Report.
(Planning & Environmental Affairs: Ralph Redman, Manager, Airport Planning)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

COMMISSION COMMENT:

ADJOURNMENT:

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

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

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

Additional Meeting Information

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

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

For those planning to attend the Board meeting, parking is available in the public parking lot located directly to the East of the Administration Building across Winship Lane. 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.